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## NEWS SUMMARY

### GENERAL

**Egypt and Israel exchange envoys**

Egypt and Israel exchanged ambassadors for the first time in 30 years amid Palestinian protests and an Israeli warning of a new arms race in the Middle East.

Schools, offices and shops were closed on the West Bank, and there was a half-day strike in Gaza.

Credentials were presented by Israel's Eliahu Ben-Eliyahu and Egypt's Saad Murtada. Page 4

### U.S. Primary poll

Officials predicted a record poll in the New Hampshire Presidential Primary which traditionally gives Americans the first indication of political trends.

### Savak 'victims'

Alleged victims of the deposed Shah's secret police Savak were presented in a United Nations Commission in Tehran.

### Jenkin ruling

Social Services Secretary Patrick Jenkin told the Commons that the suspended members of the Lambeth, Southwark and Lewisham Area Health Authority are to be reinstated. Page 9

### Tito 'weaker'

Condition of Yugoslavia's President Tito deteriorated, with his heart weakening and pneumonia persisting.

### Heart transplant

Wolverhampton man Paul Coffey, 23, became Britain's 13th heart transplant recipient in a four-hour operation at Papworth Hospital, Cambridge.

### Soccer chief dies

Manchester United football club chairman Louis Edwards died aged 64, months after allegations were made against him in a television programme.

### Sakharov plea

Exiled Nobel Peace Prize winner Andrei Sakharov again asked Soviet authorities to try him in an open court. Page 2

### Portugal crisis

Portugal's Centre-Right Government faces a major challenge with a Parliamentary debate on its economic policy and anti-inflation measures. Page 3

### Surinam move

Junior officers who seized power in the former Dutch colony of Surinam plan to transfer some administrative work to a civilian body. Page 4

### £1m pools win

Burton-on-Trent brewery worker David Preston, 47, won at least £50,000 on Verions and Littlewoods pools, and may have scooped the first £1m win. Years ago he won £10,000.

### Water surprise

Diners at a riverside inn near Ringwood, Hants, watched in amazement as a car with two pensioners inside floated past. Two men later rescued William Wilson, 72, and his wife Gladys, 70.

### Briefly...

Gatwick airport customs officers seized cocaine worth £433,000.

Four Britons were remanded in custody in Montpellier, France, charged with smuggling cannabis from Morocco.

Nine people were killed and 40 injured when a bus crashed near Bangalore, India.

Two Japanese climbers fell 2,500 feet in their deaths in the Mont Blanc range of the French Alps.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

	RISSES	FALLS	
Aldred Indns. Props.	109 + 5	BOC Indns.	63 - 3
RAT Indns.	243 + 3	Channel Tunnel	112 - 10
Diploma	238 + 20	Date Elect.	86 - 5
Hanmros	333 + 15	May and Hassell	90 - 5
HK and Shanghai	206 - 10	Meyer (Mont. L.)	107 - 5
Hunting Gibson	81 + 8	NatWest Bank	355 - 15
Land Securities	299 + 7	Readicut	26 - 24
Lister	73 - 5	Steel Brothers	140 - 2
Marks and Spencer	94 + 3	Ashton Mining	139 - 8
Moran (Chris.)	31 - 3	Otter Exploration	102 - 6
Ntnl. Carborkings	115 + 9	Samathan Explor.	110 - 13
Ransomes Sims	150 - 13	Swan Resources	58 - 10
Saatchi and Saatchi	108 + 9	Ural Mining (Aust.)	30 - 10
Samuel Props.	121 + 8		
Serek	75 + 6		
Swan Ryan Toun	21 + 3		
Ventons	102 + 6		
Vaux Breweries	138 - 4		
Whitbread A	142 + 4		

### BUSINESS

**Gold up \$13;  
Dollar firm**

**Adult unemployment in the UK has jumped sharply again in the past month to bring the total rise to 119,200, or nearly 9½ per cent since last September, when the upturn began.**

**Industry has responded to a weakening of domestic demand and a financial squeeze by cutting recruitment and increasing redundancies. That has been reflected in a sharp fall in the number of vacancies notified to employment offices, now at the lowest for two years.**

**The Department of Employment figures published yesterday show that the number of adults out of work in the UK rose by 4,400 in the month to mid-February to 1.35m, seasonally adjusted, a total of probably 1.8m in a year's time.**

**Nevertheless, Treasury projections last November put an average unemployment figure of 1.65m in Great Britain (excluding Northern Ireland) during the 1980-81 financial year implying something to the steel strike. One result of which might have been to make some employers even more cautious about recruitment. They suggested that it would not be safe to speculate that the rise would be maintained at its present rate throughout this year.**

**That might have been revised upwards after the latest, particularly gloomy Treasury projection of a sharp fall in output over the next year.**

**However, some economists, inside and outside Whitchall,**

**consider that forecast too pessimistic.**

**The change in labour market**

**activity is also shown by a further fall in notified vacancies, down 15,500 to 191,400 in the month to mid-February, seasonally adjusted.**

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**Regional map Page 8**

## Unemployment up by 9½% since last September

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

**ADULT UNEMPLOYMENT in generally quiet London trading to finish at \$640.5. The gain was attributed mainly to short covering.**

**DOLLAR remained firm, but showed little overall movement in anticipation of further rises in interest rates. It finished at DM 1.7625 (DM 1.7615) and its trade-weighted index dropped to 86.1 (86.2).**

**STERLING trade quietly rose to a high point of \$2.2815, though it closed 5 points down at \$2.2765. Its trade-weighted index was unchanged at 72.9.**

**EQUITIES trading was dampened on gloomy pre-budget assessments from Treasury economists and poor prospects for a speedy steel strike settlement. The FT 30-share index reflected the narrow overall price movements, ending the day at 455.6 (455.7), but the Deutsche offer for Viking Oil promoted speculation in the oil sector.**

**GILTS hardened in early trade, but eased later on ahead of today's long tap applications. The Government Securities index closed 0.11 up at 63.98.**

**WALL STREET was up 2.65 at 862.46 just before the close.**

**TOOTAL TO CUT 1,300 JOBS**

**Tootal, the textile group, is to cut its labour force by 1,300 in a further scaling down of its involvement in basic spinning and weaving**

**activities. The group will spend £5m on re-equipping at one of two remaining spinning mills at Lisnaskea in Northern Ireland. Back**

**market.**

**The Decca plant produces about 120,000 sets a year, including a range adapted for Prestel, the Post Office's view-data system. Its acquisition by JVC would mean that four Japanese companies — Sony, Mitsubishi, JVC's sister company National Panasonic and JVC itself — would operate independent plants in the UK, while Hitachi and Toshiba have joint ventures with the General Electric Company and Rank.**

**JVC is a financial subsidiary of Matsushita but, unlike National Panasonic, operates largely independently. It was the first company in the world to develop a successful video cassette system, the VHS.**

**It has also developed a video disc system, the VRD, which it will market in association with Matsushita but, unlike**

**National Panasonic, operates with different and incompatible systems. Total exports of video cassette players from Japan last year were nearly 1.7m, of which 553,000 were exported to Europe.**

**JVC reckons it has between 10 and 20 per cent of the video cassette market in Europe, where Philips is strong. It claims to have sold 135,000 sets in the UK last year, or more than 70 per cent of the 180,000 sets sold.**

**Changes are easier to implement, and it is likely that the starting threshold will be raised from the present £25,000. The top marginal rate may also be reduced from the present 15 per cent.**

**There has been a major study of capital taxation under Lord Cockfield, Minister of State at the Treasury, following the promise by Sir Geoffrey Howe, the Chancellor, in his June Budget, that he wanted to make the taxation of capital simpler and less oppressive.**

**Several options have now been identified, but final decisions have yet to be taken, and will depend on the overall financial and political balance of the Budget. It is possible that only some of the changes will be made this year, with more to come in 1981.**

**While the revenue cost of changes in capital taxation is relatively small in the coming financial year because of time lags in the method of assessment and collection, it could be larger in following years. The Government is likely to take account of these full year costs in its decisions.**

**Changes are also possible in company taxation. In a speech in London last night, Sir Geoffrey hinted that special help might be given in the Budget to save companies from having to pay extra corporation tax when their stocks are temporarily reduced because of strikes and other factors. The current concession only applies**

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**FACTORIES. ACT.**

**NatWest profits increase 44%**

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

**NATIONAL WESTMINSTER Bank increased its UK pre-tax profits last year by 67 per cent, leaving profits for the group as a whole 44 per cent higher at £241.5m.**

**NatWest, the second of the big four clearing banks to report 1979 results, acknowledges that the increased profits are largely the result of higher interest rates in the UK.**

**Thanks to the substantially increased profits, the dividend paid to shareholders is going up by 31 per cent. In addition profit shared out among the staff goes up 56 per cent to £21.1m.**

**Like Lloyds, which last week reported UK profits up of 30 per cent last year, NatWest was anxious yesterday to place**

**more emphasis on its inflation adjusted results.**

**These figures show a 17 per cent increase in current cost pre-tax profits, against a 28 per cent increase at Lloyds.**

**NatWest's return on capital on a current cost basis is in the region of 17 per cent, the same as Lloyds but more than twice that achieved last year by large quoted industrial and commercial companies, according to estimates from stockbrokers Phillips and Drew.**

**These companies' 1979 profits are reckoned to have declined by about 15 per cent on current cost basis.**

**On traditional, historic cost accounting, the domestic banking contribution is put at almost 70 per cent of total group**

**results. NatWest says that about 30 per cent of the higher UK profits were attributable to increased lending volume.**

**Despite tougher conditions in international banking, yesterday's figures show that the international banking side of NatWest also achieved better results. The international profit contribution was more than £100m in sterling terms, approximately 22 per cent of the total.**

**The NatWest results were lower than stock market expectations, which had been bolstered by the Lloyd's performance last week, and the shares closed 15p down at 355p.**

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## EUROPEAN NEWS

David Marsh reports on the Bank for International Settlements, 50 years old today

## Half a century of the central bankers' bank

ON FEBRUARY 27, 1930, four months after the Wall Street crash and slightly more than a year before the collapse of the Austrian Credit Anstalt, a group of central bankers met in Rome to sign into existence an institution which has become the world's monetary watchdog.

Born among the storm clouds of international financial crisis, the Bank for International Settlements, "the central bankers' bank" in Basle, celebrates its 50th birthday today in a world whose problems at first sight appear no less oppressive. The main industrialised countries face mounting unemployment, rampant inflation and persistent payments imbalance—conditions which could hardly be further from the goal of stability and hard money sought by generations of central bankers.

Yet it is a measure of the growth of international economic co-operation—the guiding principle the bank has fostered for half a century—that governments as well as central banks are now tackling problems with a degree of uniformity and collaboration undreamed of in the 1930s.

The bank is quietly pleased that the emphasis of economic policies nearly everywhere in the West has shifted towards a monetary attack on inflation—as is shown by this month's round of interest rate tightening in the U.S., Europe and Japan.

Even the secretariat of the Organisation for Economic Co-operation and Development, formerly a strong supporter of Keynesian policies, is now tak-

ing a leaf out of the Bank for International Settlements' textbook by arguing for tough anti-inflation measures.

As Prof. Alexander Lamfalussy, the bank's Economic Adviser, puts it: "There is now no conflict between the goals of 'expansion' and 'stability'."

It is a measure of the growth of international economic co-operation—the guiding principle the bank has fostered for half a century—that governments as well as central banks are now tackling problems with a degree of uniformity and collaboration undreamed of in the 1930s.

Pointing out that the economic slowdown forecast for the U.S. and elsewhere is taking a long time to appear, he adds: "We are fighting inflation because it is already here; recession has yet to arrive."

The switch to hard money policies, combined with a new-found commitment to managed floating, has sharply reduced fluctuations on the foreign exchange market since the dollar support package of November 1978. The gold price, on the other hand, has rocketed. But this has merely tended to reinforce the bank's view that despite the demonetisation drive of the early 1970s, gold is the sounder money—which could always be expected, under Gresham's Law, to drive out the paper variety.

The impetus behind setting up the bank came partly from the desire of central bankers, particularly Mr. Montagu (later

Lord) Norman of the Bank of England, to improve the cooperative arrangements put into practice during the 1920s crises. But the bank was established primarily as an independent international institution to administer outside the British areas the Young Plan for

at the annual meeting in June with speeches, dinner and a Brahms symphony, central bankers from over 70 countries will be there.

The bank was quickly brought in to help muster support for central banks struck by the central European monetary crisis of 1931. But it was powerless to prevent the breakdown of the Young Plan and the final collapse of the gold standard that year.

The bank has been carrying out short-term bridging operations for central banks in distress ever since. Notable recipients over the past decade include Britain, Portugal, Turkey, Belgium and Sweden.

But the bank's limitations are

just the same as they were in 1931. As one way of guaranteeing its independence from politicians, it is forbidden by statute to lend money to governments. And it was never set up to be a true international central bank with its own powers of money creation—the lenders of last resort can only be the central banks.

The bank's transactions side has grown enormously. Its balance sheet (expressed idiosyncratically in Swiss gold francs) today totals around \$45bn, compared with \$8bn ten years ago and \$100m in the 1930s. Most of its liabilities—around \$40bn—represent monetary reserves entrusted to it by client central banks. It invests a large part of these deposits on the Euromarket.

Over the years, it is the bank's role as an informal forum for international monetary co-operation that has been most prominent. The bank's 50th birthday is celebrated officially every year, ever since.

central bankers' club—which has won it most repute. The regular monthly meetings of central bank governors were established as a permanent fixture in Basle right from the beginning in 1930, providing an opportunity for personal contact and discussion out of the public eye—and well away from the politicians. The bank went into a hibernation during the war, although it continued to publish the much-acclaimed economic surveys contained in its annual reports. Partly as a result of allegations of pro-German bias (aroused particularly by the bank's hand in transferring Czech gold to the Nazis in March 1939), a proposal was made in 1944 that it be wound up.

But the American Government backed down when it realised the bank would complement the new Bretton Woods institutions, the World Bank and International Monetary Fund, in the task of post-war reconstruction. (Indeed, the bank was subsequently made agent for the Marshall Aid programme.)

The central bankers from the main industrialised countries thus returned to Basle in December 1946—and have been meeting there regularly, ten times a year, ever since.

The Basle gatherings have always been discreet. The last time the bank courted undue publicity was when its first president, Mr. Gates McCarrahan, made an unsuccessful radio broadcast in 1931 appealing for international common sense over reparations.



Flashback to 1930 and a meeting in Basle to prepare for the start of BIS operations. From left are Sir Charles Addis, director of the Bank of England; Mr. Montagu (later Lord) Norman, Governor of the Bank of England, and Dr. Hans Luther, president of the German Reichsbank.

There was, however, considerable drama in the 1980s, with central banks' vain attempts to control the gold price and the series of rescue packages for sterling all worked out at "billion dollar weekends" in Basle.

But the only headline news to come out of Basle over the past few years has been the support package worked out to help Britain run down its sterling balances in January 1977.

Central bank governors, living in a world which has now become accustomed to flexible exchange rates and swirling movements of international money, are clearly a more pragmatic breed than

their predecessors of the 1930s. January certainly marked a break with the traditions of the past. But for M. René Larre, the bank's general manager, who has been a constant supporter of the monetary role of gold during his nine years at the bank, it was also a sign of something older and deeper—and essentially unchanged—about central banking philosophy.

M. Larre says it is quite clear why central banks will not sell off gold for paper money even at present high prices: "Just as a doctor is suspicious of drugs, central bankers mistrust paper money because they know how easily it is to print. They will always prefer gold."

The central banks' studious lack of concern at gold's unparalleled price gyrations, in

## Iran denies it will quit Eurodif

BY SIMON HENDERSON IN TEHRAN

IRAN IS to continue to participate in Eurodif, the European-based uranium enrichment consortium, after a series of contradictory statements, including one from Mr. Sadeq Qutbzadeh, the Foreign Minister. He was quoted last weekend as saying that his country was pulling out of the project.

The clarification, made by Mr. Fereydoun Sahabi, head of the Iranian Atomic Energy Organisation, in an interview on

Radio Iran, indicates full Iranian responsibility towards its international financial obligations. It could lead to the unfreezing of interest payments and repayment on a \$1bn loan made by Iran to the French Atomic Energy Commission. These were frozen by a Paris court last November after Iran failed to make other contractual payments to Eurodif.

Iranian participation in the project—a legacy of the Shah's

### Sakharov calls for open trial

MOSCOW—Dr. Andrei Sakharov, the Soviet dissident physicist exiled to Gorky, which is closed to foreigners, yesterday again called on the authorities to put him on open trial. The 58-year-old scientist said in a statement read out in Moscow by his wife that he was ready to stand before an open court "knowing that in a just state only a court can determine measures and form of punishment."

Reuter

## Socialists expected to abandon Cossiga

BY PAUL BETTS IN ROME

THE ITALIAN Socialist Party is expected to confirm today that it will withdraw its tacit support of the minority government of Sig. Francesco Cossiga. The move could push Italy a step nearer a political crisis, since the Government's survival depends on the abstention of the Socialists in Parliament. Socialist leaders indicated yesterday that the political truce which led to the formation of the Government last summer was now over. The party would no longer support the administration indirectly in Parliament but would vote against it in the first major debate.

However, despite the Socialists' growing hostility towards the Government, there are still considerable doubts whether the party intends to force a showdown. It appears to be playing for time until after the Christian Democrat Party's National Council meeting of March 5, which is due

to elect a new secretary-general and chairman.

The National Council follows last week's Christian Democrat congress; when the ruling party rejected any question of Communist participation in government. This indicates a significant move to the Right and the Socialists want to see if the National Council confirms it. This shift, in turn, has fuelled further the rift in the Socialist Party between the Right, which is opposed to the Communists, and the Left which favours a government including them.

Although none of the main parties wants to precipitate a government crisis which could lead to an early general election, the Socialists fear they will lose ground in the local elections.

Indeed, there is already talk of possibly replacing the current Christian Democrat, Social Democratic and Liberal alliance with a minority Christian Democrat administration.

In the longer term, this would not resolve the political deadlock and would serve only to postpone a major confrontation between the Christian Democrats and the Communists, especially since the latter have firmly stated that they will stay in opposition unless they are offered Cabinet seats.

### ALAHIL BANK OF KUWAIT (K.S.C.)

US\$25,000,000 Floating Rate Notes due 1983

The rate of interest of the Notes has been fixed at 10% per annum for the interest period running from February 25, 1980, to August 25, 1980 (each day inclusive).

The amount of interest per bond of US\$1,000 denomination is US\$ 33.24, payable on August 26, 1980.

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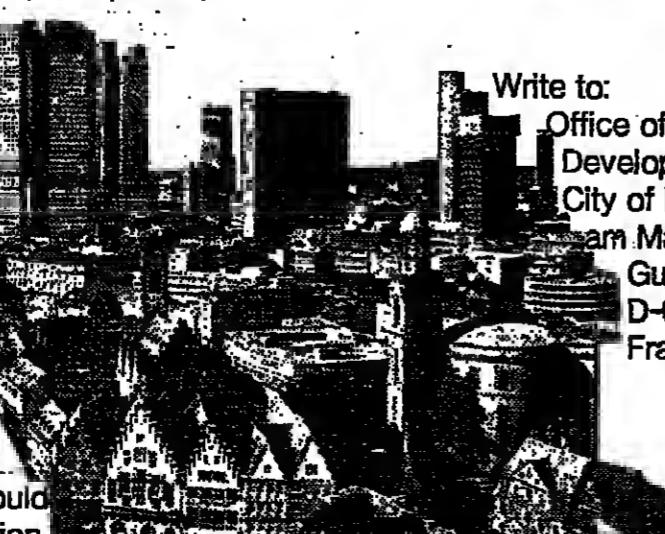
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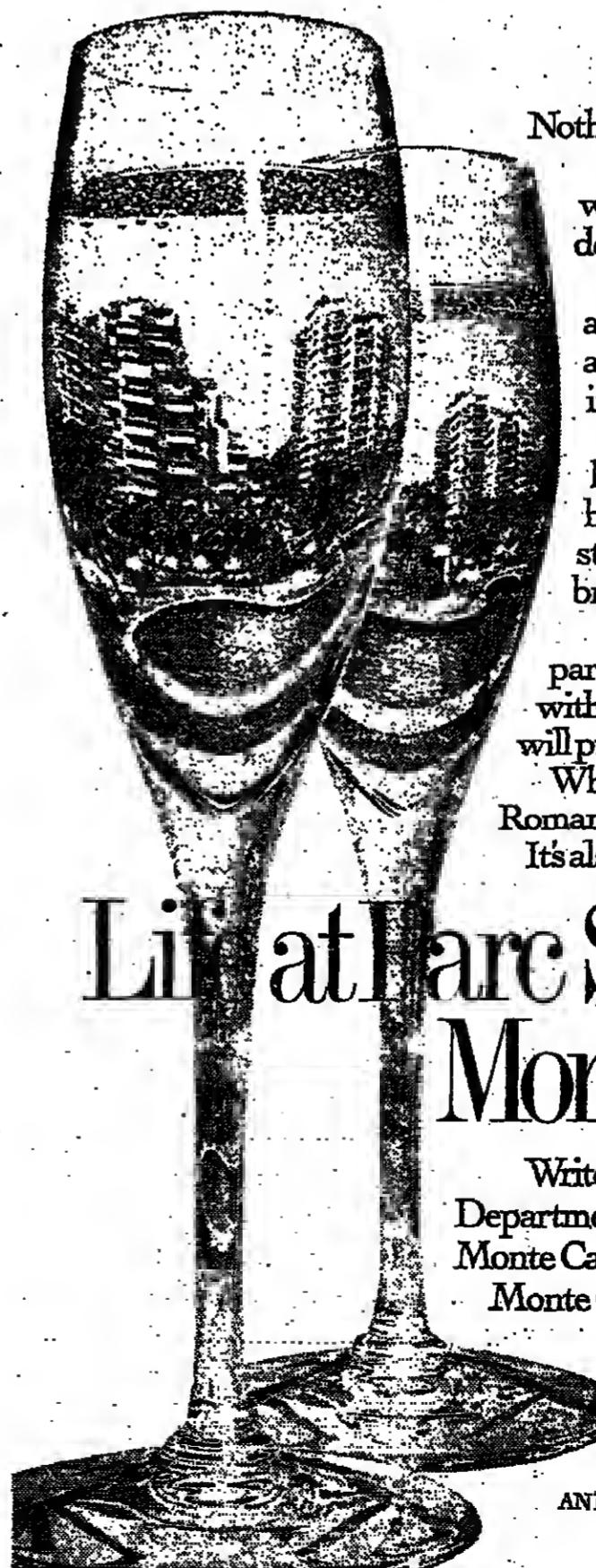
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## EUROPEAN NEWS

**Rocard ready to run for President**

BY ROBERT MAUTHNER IN PARIS

M. MICHEL ROCARD, leader of one of the minority factions of the French Socialist Party, made it clear last night that he was prepared to run as his party's candidate in the next presidential election, due in the spring of 1981.

The 49-year-old M. Rocard, who represents the Social Democratic wing of a party whose official philosophy remains well to the left of its sister parties in West Germany and Britain, has long been considered the most likely successor to M. François Mitterrand as the Socialists' presidential standard-bearer. But his path so far has been blocked by M. Mitterrand who, despite his 63 years and two defeats in previous presidential elections, has given no indication that he is prepared to throw in the sponge.

Since the Socialists' congress in April last year, at which M. Mitterrand narrowly retained

control of the party mcbie by forging an alliance with the party's Left wing, M. Rocard has adopted a low profile. If he has now come off the fence, he is not solely because only 15 months remain before the presidential election takes place, but because M. Mitterrand's achievements as party leader he praised. Ruling out any suggestions that the party might organise "primaries" on the U.S. model to elect its Presidential candidate, M. Rocard said that the candidate would be chosen by consensus this autumn.

The French Communist Party's support for the Soviet invasion of Afghanistan has hampered the last nail into the coffin of the Left's coffin, confirming all the previous indications that the Communists are no longer interested in an alliance with the Socialists.

M. Rocard has thus seen his views at least partially vindicated. In a television interview last night, he said he would be prepared, if elected President, to form a homogeneous govern-

ment of Socialists and like-minded political groups, but excluding the Communists.

M. Rocard was careful, however, not to give the impression that he was openly crossing swords with M. Mitterrand, whose achievements as party leader he praised. Ruling out any suggestions that the party might organise "primaries" on the U.S. model to elect its Presidential candidate, M. Rocard said that the candidate would be chosen by consensus this autumn.

Given that M. Rocard's supporters in the party are still very much in the minority, there can be little doubt that he faces an uphill struggle. But it is significant that national public opinion polls put M. Rocard well ahead of M. Mitterrand as the candidate who is likely to present the biggest threat to President Giscard



M. Rocard: emerging from the wings

**Northern oil hunt opposed in Norway**

By Fay Gjester in Oslo

THE Norwegian Government's plans to permit exploratory drilling for oil off the country's northern coast this summer are opposed by 50 per cent of the population, an opinion poll shows.

Only 34 per cent are in favour of the plans and 16 per cent are undecided. Among north Norwegians, 70 per cent are opposed, according to the poll.

Offshore petroleum drilling north of the 62nd parallel has been banned because of the pollution risk to the area's rich fish stocks. Now the Government intends to allow a "cautious" start in these waters, and three concessions have been awarded.

The Storting (Parliament) is expected to confirm its approval of the exploration in the summer months only, after a debate early next month, and drilling is expected to begin in May.

Pollution fears have not been helped by a report in a north Norwegian newspaper that there are no plans for coping with oil collected from a spill in northern waters in the event of a blow out. An official of StatOil, the state oil company, replied that the company planned to charter tankers to take away spilled oil, but he admitted that the proposed had not even been discussed with tanker owner.

**France to tighten credit control**

BY OUR PARIS STAFF

FRANCE is planning to tighten its credit control policy to dampen inflation, which reached almost 2 per cent in January.

Efforts to restrain the growth of credit and money supply have already led to a spate of interest rate increases. These have meant the establishment of a new bank base rate of 12 per cent, a rise of half a per cent this week.

But the Government has also announced that, from April, it will be putting more rigorous ceilings on the permitted expansion of bank credit. This is aimed at further restricting the growth of the money supply, for which a target of 11 per

cent has been set for this year. Under the system of credit ceilings which continues to attract widespread opposition from the banks, the amount which banks are allowed to lend is strictly controlled, except in certain sectors. The exceptions include credits for exports, for mortgages, for savings for future mortgages and for investments in certain energy-saving equipment.

Until last autumn, only 20 per cent of loans in these categories were subject to the restrictions. But this proportion went up to 40 per cent at the beginning of this year and will be lifted to 50 per cent in April.

Renter reports from Dusseldorf: The Bundesbank is in control of the system of credit ceilings which continues to attract widespread opposition from the banks, the amount which banks are allowed to lend is strictly controlled, except in certain sectors. The exceptions include credits for exports, for mortgages, for savings for future mortgages and for investments in certain energy-saving equipment.

The Government, for example, appears to have gone back on its electoral pledge to introduce free collective bargaining by introducing instead an indirect incomes policy. Although no formal wage ceiling has been specified, the Government has stressed that any salary increases this year must be compatible with its aim of reducing inflation from 24 per cent to 20 per cent.

The unions see this as meaning that wage increases will not be allowed to go above 20 per cent which they regard as unacceptable.

The Government is also committed to containing unemployment. But it is yet to explain adequately how it proposes to introduce strict cash limits and price controls in the debt-ridden public sector without unleashing a series of mass redundancies.

Sen. Cavaco Silva, however, is expected to defend his only the first step in an overall plan to put the economy on a firmer footing.

It will almost certainly remind Parliament that next month's budget will include generous tax cuts and social measures designed to counter a four-year slide in real wages. This week's debate comes in the wake of a crippling week-long strike by Portuguese air traffic controllers.

Under the regulations which the French continue to enforce, in spite of the fact that the European Court of Justice has ruled that they contravene the Treaty of Rome, imports of mutton and lamb are banned when French prices fall below a certain level.

When prices rise to above the floor level, the ban is removed, but imports are still taxed to make up for the difference in import and domestic prices.

From yesterday onwards, lamb and mutton imports will thus be subject to a levy of FF 8.50 (about 90p) per kilo. klo.

**Ban on lamb replaced by levy**

BY OUR PARIS STAFF

FRANCE YESTERDAY lifted its controversial ban on British and non-EEC lamb imports and replaced it with a levy. But a French Agriculture Ministry spokesman stressed that the measure was purely technical and did not represent a change in French policy.

What has happened is that French mutton and lamb prices have been above the official floor level for the past two weeks, thus fulfilling the condition for the automatic lifting of the ban. This is a repetition of the situation in January, when the frontiers were also opened for one week.

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**Portugal's economic policy under fire**

By Jimmy Burns in Lisbon

THE PORTUGUESE centre-right Government is facing the first major challenge to its economic policy since it took office last month. The Socialist and Communist parties have pressed for an extraordinary debate on the Government's anti-inflation measures and have opposed plans to open up the economy to the private sector.

The debate will not involve

a formal censure motion and even if a vote were to be taken next week, the Government's survival would be assured by its six-seat majority in Parliament. However, it will give Portugal's opposition parties an opportunity to confront Cabinet Ministers publicly.

Plans supported by the Government for the construction of an integrated "nuclear park," including re-processing and storage facilities, at Gorleben in Lower Saxony, founded in May last year, when they ran into vehement local opposition.

**West German consortium plans N-reprocessing plant in Hesse**

By KEVIN DONE IN FRANKFURT

A CONSORTIUM of West German power companies has filed a preliminary application to build a nuclear re-processing plant in the state of Hesse. DWK, the West German nuclear fuel re-processing company which represents the interests of 12 different utility companies, expects the ensuing debate on the Government's anti-inflation measures and have opposed plans to open up the economy to the private sector.

Construction of the plant, which would be able to re-process about 350 tonnes a year of spent nuclear fuel, would take a further five to six years.

The application by DWK is one of the first signs that West Germany is moving slowly towards resolving the confusion that has surrounded the development of its nuclear industry.

Plans supported by the Government for the construction of an integrated "nuclear park," including re-processing and storage facilities, at Gorleben in Lower Saxony, founded in May last year, when they ran into vehement local opposition.

The Gorleben plant would have had an annual capacity of 1,500 tonnes of spent nuclear fuel, but it appears that DWK has given up on its hopes to build such a large-scale facility. (The Windscale plant in the UK will have a capacity of 1,200 tonnes a year).

Its hopes of finding a suitable site in Hesse, in central West Germany, for a smaller plant have been fostered, however, by the surprising encouragement of the Hesse state government.

Herr Günther Scheuten, chief executive of DWK, made clear this week that the first move in promoting the application had been made by Herr Heinz Herbert Karry, the Hesse Economics Minister.

Hesse is ruled by the same Social Democrat — Free Democratic coalition that is in power in Bonn, and Herr Holger Börner, the state Prime Minister, was one of the most outspoken supporters of a continuing commitment to nuclear technology.

power at the recent Social Democrat party conference in West Berlin.

The state government clearly believes that some action must be taken to resolve the current impasse over the building of new nuclear power facilities and it is also keen to attract the possible 2,000 new jobs to Hesse that would be provided by the DWK plant.

The re-processing company does not yet have a specific site in mind, but it expects to be able to identify one before the end of the year. The plant would be about ten times larger than the only existing re-processing plant in West Germany, which has been operating successfully for the past ten years.

The proposed Hesse plant should be large enough to cope with the re-processing of all the waste from West Germany's existing nuclear plants. DWK is particularly keen to get this project off the ground to ensure that the West German industry is able to keep alive its interests in re-processing technology.

**French backing for fast breeder**

BY TERRY DODSWORTH IN PARIS

FRANCE'S electricity generating authority has underscored its determination to bring the controversial fast-breeder nuclear reactor system into commercial use as quickly as possible by announcing its intention to place two orders for power stations of this type before 1985.

The indications are that EDF is also committed to containing unemployment. But it is yet to explain adequately how it proposes to introduce strict cash limits and price controls in the debt-ridden public sector without unleashing a series of mass redundancies. Sen. Cavaco Silva, however, is expected to defend his only the first step in an overall plan to put the economy on a firmer footing.

Super-Phénix, a 1,300 MW reactor fueled by France, West Germany and Italy, will be the world's first full-scale fast-breeder. On the basis of present studies, however, it seems as though the EDF will be aiming to develop larger units than Super-Phénix in order to reduce production costs.

The belief is that the Super-Phénix design can be used as the basis for units producing up to 1,500 MW. This is an important consideration in the costing of the stations which are about twice as expensive to build at FF 8.50 (about 90p) per kWh, as the current range of pressurised water reactors (PWRs).

At present, it is also calculated that the electricity produced from fast breeders would cost about twice as much as power from the French PWRs. In addition, even after the recent oil price increases, fast breeder electricity would still cost slightly more than power from oil-burning stations.

But despite these price problems, and the widespread opposition to fast-breeders on the grounds of nuclear fuel proliferation, France wants to press ahead with its programme in order to achieve greater self-sufficiency in its energy production.

In a recent interview, President Giscard d'Estaing stressed this point by underlining that the country's reserves of Uranium 238, the fuel used in fast breeders, gives France energy reserves comparable to those of Saudi Arabia.

**Dutch to use more coal**

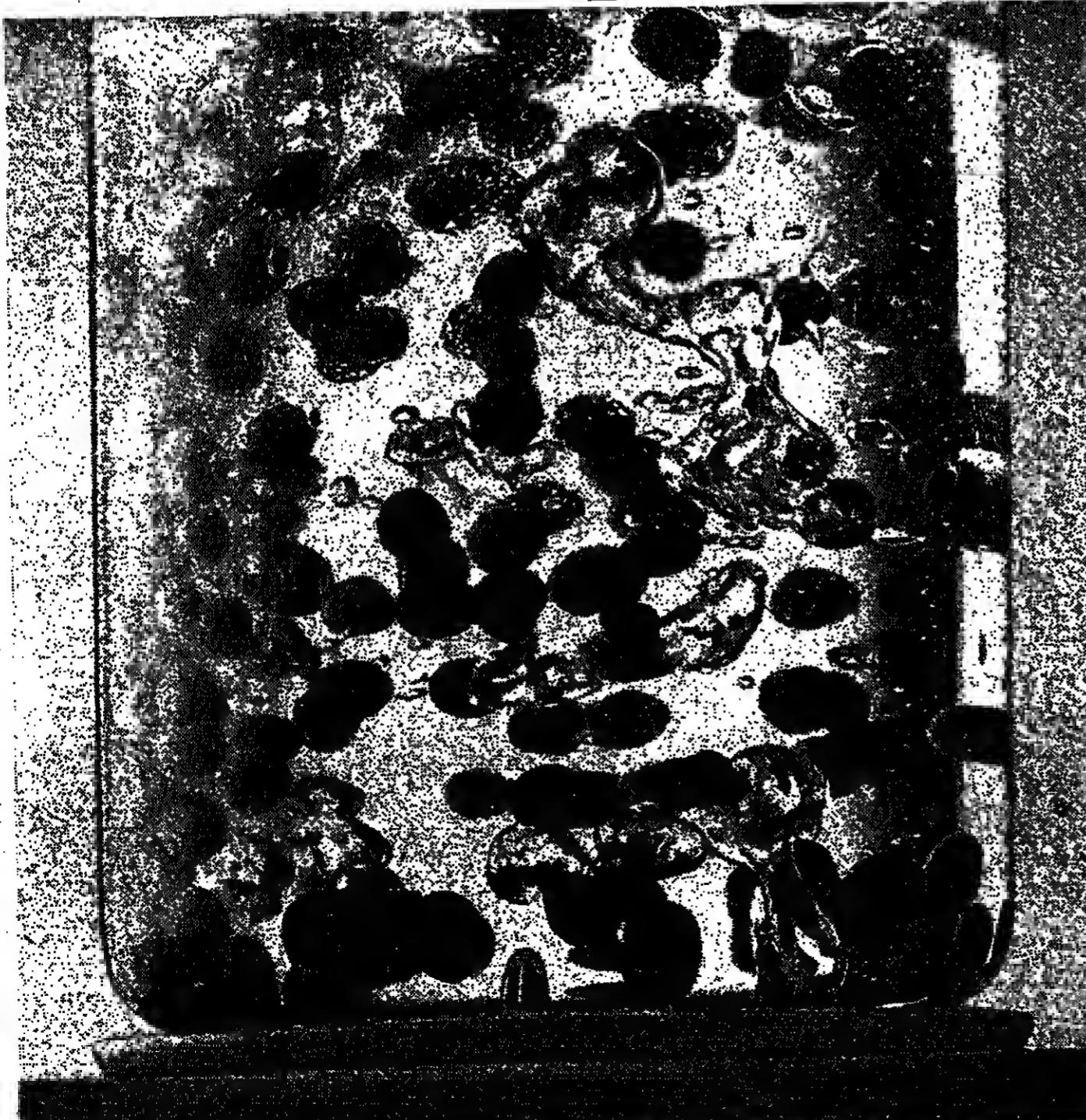
THE HAGUE — Dutch coal consumption for energy uses could rise to about 26m tonnes a year by the end of the century from around 1.5m tonnes at present, according to a Government report.

GJs van Aardenne, the Economics Minister, said coal is expected to fuel at least 40 per cent of electricity production and meet more than 20 per cent of total energy requirements by

the year 2000, compared with around 5 per cent of both at present. Reuter.

**Wool strike call**

CANBERRA — Australian wool growers are to ask the Federal Government to act to end the pay dispute which has brought the country's wool industry almost to a halt.

**The advantages of burning coal like your wife cooks peas.****The simple principle of fluidised bed combustion.**

Just imagine a red-hot bed of inert mineral matter like sand or ash.

Now pass an upward current of air through the bed — at a certain velocity the particles of sand or ash will become highly turbulent and 'boil' in a similar fashion to a liquid.

You now have a fluidised bed into which you can inject and burn coal.

Rather like your wife cooking peas.

**A GENTLE CURRENT OF AIR DOES NOT DISTURB THE MINERAL PARTICLES.**

**INCREASE THE AIR CURRENT AND THE PARTICLES BEGIN TO ACT LIKE A LIQUID.**

**INCREASE THE CURRENT FURTHER AND THE PARTICLES BEGIN TO ACT LIKE A FLUID.**

**Save, save, save.**

Burning coal through fluidised bed combustion provides higher heat release rates than ever before possible.

However, the biggest difference was in economy.

It has the advantages of having no moving parts in the furnace, and high rates of heat transfer enable boiler sizes to be reduced.

Also, since combustion takes place at a relatively low temperature, a wide range of coals can be burnt efficiently.

On an environmental level, the characteristics of fluidised bed combustion keep the emission of sulphur dioxide and nitrogen oxide well below the accepted standards.

**Putting theory into practice.**

Over the years, extensive development and experimental programmes have been carried out on fluidised bed combustion.

The resultant research and know-how means that Britain leads the way in this revolutionary technique.

Several plants already operate on a commercial basis in this country.

**The tomato plant.**

CWS of Marden, near Hereford, grow tomatoes. 8½ acres of them under glass. Half of their greenhouses are heated by a fluidised bed boiler.

The estate manager of CWS, Mr Rossiter, is more pleased by the way his new system nurtured his tomato seedlings through the ultra-severe conditions of 1978/79, but what impressed him most was the economy angle. Our expected bill for oil for 1979/80 would have been £60,000 but with coal-fired fluidised bed we have estimated a saving of about £22,000 — and that's a lot of tomatoes!

If you would like to know just how fluidised bed combustion can help you in your industry get the advice of the NCB Technical Service experts by writing to the address below.

Send to: The National Coal Board, Technical Service Branch, Marketing Department, Hobart House, Grosvenor Place, London SW1CAE.

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Company \_\_\_\_\_

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## OVERSEAS NEWS

## Protests as Israel and Egypt exchange envoys

BY ROGER MATTHEWS IN CAIRO AND DAVID LENNON IN TEL AVIV

Egypt and Israel took another major step on the road to full peace and normalisation of relations as they exchanged ambassadors yesterday.

The presentation of credentials by Mr. Elijah Ben-Eliassar, the Israeli Ambassador, and Mr. Saad Murtada, his Egyptian counterpart, took place against a background of protest and suspicion reflecting over 30 years of conflict.

Palestinian inhabitants of the West Bank of the Jordan and the Gaza Strip, whose future Israel and Egypt are currently negotiating, reacted with anger to the ceremony. Schools, offices and shops were closed on the West Bank and there was a symbolic strike in Gaza during the morning.

People of the occupied territories were unimpressed by Mr. Murtada's statement that the talks on autonomy were aimed at restoring "the legitimate rights of all, primarily the right of the Palestinian people to a free and secure life."

Among Israelis, celebration of the historic event was muted by Israeli concern over the

scope of proposed arms sales to Egypt. Professor Moshe Arens, chairman of the Knesset Foreign Affairs and Defence Committee, said that a deal involving sophisticated combat aircraft would endanger Israel's security and spark off a new arms race in the Middle East.

Opposition groups in Egypt again denounced the establishment of diplomatic relations and raised Palestinian flags in protest. The Socialist Labour Party, which has 30 seats in Parliament, insisted that Israel should be boycotted as long as they refused to give autonomy to the Palestinians and continued to occupy Arab territory.

The small Left-wing Unionist Progressive Party called off a protest march after it had been banned by the Interior Ministry and announced that 13 of its members had been arrested for distributing Palestinian stickers. The party laid wreaths at the tomb of the unknown warrior and at the grave of former President Nasser.

A protest signed by about 40 personalities, including former Vice-Presidents, Prime Minis-

ters, and officials of the Nasser era, was circulated.

The Egyptian Government issued a statement stressing that the presentation of credentials by Mr. Murtada did not signify recognition of the city as the capital of Israel. Egypt stood by its policy that east Jerusalem was part of the formerly Jordanian-controlled West Bank and that "legitimate and historic Arab rights in the city should be restored."

In Beirut, Mr. Selim al-Hoss, Lebanon's Prime Minister, described the exchange of envoys as a sad day for all Arabs.

In Khartoum, police used teargas to break up demonstrations by university students against the exchange of ambassadors. Streets near the university were littered with debris and were cordoned off.

Sudan has withdrawn its ambassador from Egypt but has not broken off diplomatic relations. Official statements yesterday said the traditional friendship between Sudan and Egypt was capable of surpassing any temporary setback.



Deng Xiaoping: gives way to younger man

## Facelift for China's elderly leadership

By COLIN MACDONALD

CHINA'S NEW chief of staff, whose appointment was confirmed on Monday, is the most important example so far of Vice-Premier Deng Xiaoping's policy of introducing new faces into the country's top leadership.

Deng, the previous holder of the post, appears to have resigned the job in favour of a career soldier and slightly younger man. Deng has spoken several times of his own retirement before 1985 and has stressed the need to replace party veterans to ensure a smooth succession.

The new chief of staff, Yang Dezh, is 70 this year (as opposed to Deng's 76). He commanded the Chinese volunteers in the Korean war and, as commander of the Kunming military region in south-west China, ran the campaign in Vietnam last year.

His new posting highlights a series of important reshuffles in the military leadership. The party's Military Commission, the most powerful and secretive body in China, has recently strengthened its standing committee with the addition of four prominent serving officers besides Yang.

While the bank will probably cooperate with the IMF in opening balance of payments credit facilities, it is an open secret that bank officials have become increasingly concerned at the harsh economic conditions typically attached to IMF credit in the Third World.

The terms under which the new credits would be granted are vague—some sources have spoken of only 12 to 18 months maturity but Mr. Merriam said money would be available on "normal" bank terms if the scheme was accepted. Bank loans now have an average maturity of about 20 years, with five years grace.

The proposals, believed to have been vigorously pursued by Mr. Robert McNamara, World Bank president, come at a crucial moment for the West's relations with the Third World.

## World Bank considers payments aid for developing states

BY PETER BRUCE

THE WORLD Bank executive meets next month to consider extending its lending operations to provide, for the first time, balance of payments cover to developing countries.

Up to now, the World Bank has been primarily engaged in lending only for specific projects in Third World countries. Balance of payment finance has been handled largely by its sister organisations, the International Monetary Fund, together with the commercial banks.

Only weeks after the Brandt Commission recommended sweeping reforms in the flow of aid to the Third World and just two months after the World Bank announced it would double its capital to \$30bn, the executive will meet in Washington on March 18 to discuss the new type of loan.

The Third World widely regards the bank as more sensitive to problems associated with economic and political development than the IMF, whose welcome as a conveyor of Western aid has declined in some developing countries.

While the bank will probably cooperate with the IMF in opening balance of payments credit facilities, it is an open secret that bank officials have become increasingly concerned at the harsh economic conditions typically attached to IMF credit in the Third World.

The Bank's proposed new loans would avoid at least some of the tough IMF conditions but the bank, as the main lender in any one country, would be better placed to monitor its aid than the fund, according to Third World economists.

## Manila meeting on Kampuchea

BY KATHRYN DAVIES IN SINGAPORE

Singapore's Prime Minister, Mr. Lee Kuan Yew, flies to Manila today for three days of talks with President Ferdinand Marcos of the Philippines at a time when there are fears that the Association of South East Asian Nations (ASEAN) may have exhausted its diplomatic efforts over Kampuchea.

Singapore spearheaded ASEAN's decisive victory at the United Nations in November, when an overwhelming majority of countries voted for its resolution on the immediate withdrawal of foreign (Vietnamese) forces from Kam-

puchea and a peaceful solution to the conflict.

The only change that has taken place over the past three months has been Hanoi's insistence that the Kampuchean situation is "irreversible."

The resulting impasse, as Singapore sees it, creates two main dangers. One is that cracks will once more appear in the ASEAN facade—the organisation united behind the organisation.

The second danger is that such a conference should seek a "durable solution."

main entrenched in Kampuchea, the more likely it is that the international community will move towards a de facto recognition of the Heng Samrin Government in Phnom Penh.

Mr. Lee's talks with President Marcos will dwell on tactics to be adopted at the ASEAN-European Community summit in Kuala Lumpur next month, when Thailand is expected to call for another international conference on Kampuchean refugees. Air Chief Marshal Sithi Sawettsila, the recently appointed Thai Foreign Minister, said earlier this week that such a conference should seek a "durable solution."

## Muldoon overturns strike settlement

BY DAI HAYWARD IN WELLINGTON

INTERVENTION by the New Zealand Government to reduce the settlement from 21 per cent to 18 per cent—a difference of about 20 cents an hour—and the unions have denounced the Government's interference as a threat to free bargaining. Mr. Robert Muldoon's Government acted despite a plea from the company that it should not interfere.

They immediately announced that the strike would go on and other unions are contributing massive sums to help them.

It had reduced the agreed basic wage of NZ\$24.81 (\$2) an hour which was negotiated under strike conditions.

The strike has cost New Zealand millions of dollars in lost exports. Unions and employers were happy with the settlement because it brought wage parity to the entire paper industry for the first time. That was seen as a requisite for industrial peace in the strike-plagued industry.

Mr. Muldoon said the wage increase approved by Government was reasonable and fair.

The oil companies looking at the 72 tracts of land offered last year did not find the terms very attractive, oil experts said, and only 11 of the 72 tracts were taken. Mr. Marinho said the terms of some of the contracts would be revised before they were offered again.

On negotiations between the Nigerian Government and British Petroleum over compensation for the oil company's interests which were nationalised last year, Mr. Marinho said that it was up to BP to move.

Although Mr. Marinho said he had no fear that Nigeria was pricing itself out of the market in the way it did in 1977-78, oil industry experts believe that Nigeria is preparing for a glut in world demand for its light crude by making longer term plans.

President Shehu Shagari has ordered a review of the long-term policy which Nigeria should adopt over its oil, taking account of the fact that the country's own domestic consumption is increasing by 10 to 15 per cent annually.

To boost oil exploration, Nigeria will again offer a substantial acreage for exploration later this year. Mr. Marinho said the national petroleum corporation would stick to the service contracts which it had offered last year where pros-

pects oil companies are compensated by government only if they find oil and only then on a pre-calculated costs plus profit basis.

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## AMERICAN NEWS

## Rebels consolidate hold on Surinam

BY CHARLES BATCHELOR IN AMSTERDAM

ARMY REBELS who took control of the former Dutch colony of Surinam on Monday were yesterday consolidating their hold on the country and the capital Paramaribo was reported to be calm.

Mr. Henck Arron, the Prime Minister, was believed to be still in hiding according to reports reaching the Netherlands.

Mr. Arron, aged 43, whose

National Democratic coalition

government had been in power in the former colony on the Atlantic coast of South America since it gained independence in November 1975, has not been heard of since fleeing from the Paramaribo police headquarters which was shelled by a naval patrol boat on the Surinam river early in the rebellion.

The Dutch Government has expressed concern at developments in Surinam, and the ministers of Foreign Affairs and of Overseas Development will meet MP's today to discuss developments.

The Dutch Foreign Ministry

said 10 people were killed and

several dozen wounded in the

coup carried out by 300 non-

commissioned officers and men

though none of the 4,000 Dutch

people still in the country was

harmed. The rebels are not

thought to have any political

motives, though they have

grievances over the army's

refusal to allow a trade union

and to improve conditions in

the country's 800-strong military

force.

The rebels have formed a

National Military Council, and

control all major Government

buildings in the capital.

The Netherlands agreed to

send development aid worth

Fl 3.5m (£795m) just before

Surinam's independence. The aid

payments are being continued,

the Dutch Government said

yesterday. The former colony's

economy has been turned over

to cash crops such as coca,

coffee and sugar which leaves it

vulnerable to the fluctuations of

world markets.

Over the past few decades

bauxite has come to dominate for 90

part of the Royal/Dutch Shell group.

Since independence controversy has raged over the Government's development plan which many critics say concentrates too much on prestige projects. Expensive plans to open new bauxite reserves in the west of the country are going ahead while public services in the capital are poor.

Unemployment is high while the emigration of many Surinamese to the Netherlands has led to shortages of skilled personnel.

More than a third of the 480,000 population fled to the Netherlands before independence fearing economic and political uncertainty.

In Surinam and attracted by the generous Dutch social benefits.

A further 2,000 Surinamese are estimated to have arrived in the Netherlands each month over the past year under an agreement which allows immigration up to November 1980.

Surinam became a racial mixture of Creoles, East Indians, Indonesians, Chinese, and bush Negroes under Dutch rule.

## N. American discussion forum urged

By David Buchan in Washington

**THE CREATION** of a North American Council, with the U.S., Mexico and Canada jointly represented to discuss problems common to the three countries, was proposed yesterday by Governor Robert Ray of Iowa.

Before the election Mr. Clark had expressed "interest" but no more.

However, the Liberals said yesterday that while Mr. Trudeau has found the proposal "interesting" he had put it to one side so as not to interfere with his selection of a new Cabinet, and will examine the proposal in more detail at a later date. They said he had no intention of moving quickly on any such idea that would tamper with the present parliamentary set-up.

In last week's election the Liberals won only two seats west of Ontario, while the Conservatives elected only one member in Quebec and the NDP was defeated east of Ontario.

## Trudeau reacts guardedly to electoral reform idea

By VICTOR MACKIE IN OTTAWA

MR. Pierre Trudeau, returned as Prime Minister in last week's Canadian election, has reacted guardedly to a minority party proposal to add 50 members to the country's House of Commons to be elected by proportional representation.

The proposal came from Mr. Ed Broadbent, the leader of the New Democratic party (NDP), who wants the system adopted in order to give political parties representation in areas where they win sizeable support but fail to gain any of the present 223 seats. The idea was first put forward by a Commission appointed by the last Trudeau Government to inquire into Quebec's challenge to national unity.

If the proposal was accepted, it would give the Conservatives and the NDP a seat in Quebec and the Liberals more seats in western Canada.

Mr. Broadbent said he had

already discussed it with Mr. Trudeau and with Mr. Joe Clark, the Conservative leader who was defeated last week. He said Mr. Trudeau was "quite sympathetic" to the idea, while Mr. Clark had rejected it. Before the election Mr. Clark had expressed "interest" but no more.

However, the Liberals said yesterday that while Mr. Trudeau has found the proposal "interesting" he had put it to one side so as not to interfere with his selection of a new Cabinet, and will examine the proposal in more detail at a later date. They said he had no intention of moving quickly on any such idea that would tamper with the present parliamentary set-up.

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## Inflation: another crisis for Carter

By David Buchan in Washington analyses the economic policy review request under the 1

## WORLD TRADE NEWS

JULY 1980

**Soviets hit by EEC curb**

BY GILES MERRITT IN BRUSSELS

THE SOVIET UNION has been singled out by the EEC Commission for the imposition of provisional anti-dumping duties on a wide range of electric motors.

Six other Comecon countries were also included in the anti-dumping investigations carried out by the Brussels Commission, but as they have chosen to undertake that they will voluntarily increase electric motor prices by between 30 per cent and 50 per cent, Bulgaria, Hungary, Poland, East Germany, Romania and Czechoslovakia will not be hit by the anti-dumping measures.

The duties on Soviet electric motors comes as the result of one of the most comprehensive anti-dumping investigations ever carried out by the European Commission.

In all, 60 different investigations were launched into electric motor sales by the seven Eastern European countries concerned following the Commission's decision last April to examine trade distortions on motors in the 0.75-7.5kW watt ranges.

The Commission's action followed complaints that the Comecon suppliers' volume of units had gone from 462,000

in the first half of 1975 to 468,000 for the first half of 1979.

**Nivas top W. German imports**

By Leslie Colitt in Berlin

IN THE year and a half since it entered the West German market, the Soviet-built Niva cross-country vehicle has nudged out the competition to become the West German market leader among these four-wheel-drive cars. Nearly half of the 10,500 cars in this category registered last year in West Germany were Nivas built in Togliatti-grad.

Toyota's Landcruiser and Leyland's Land Rover and Range Rover are estimated to have 25 per cent of four-wheel sales in West Germany with the American Motors Jeep and General Motors' Blazer picking up 20 per cent of registrations.

The basic Niva, which sells for DM 16,000 (£4,000) compared with DM 30,000 (£12,500) for the larger and more versatile Land Rover, is one of the cheapest four-wheel-drive vehicles on the German market, and now accounts for half of Soviet car sales in West Germany.

Deutsche Lada Import says its share of the West German car market rose by 3.4 per cent last year to reach 4.1 per cent of all cars sold in West Germany. This compared with 0.45 per cent for Leyland.

The Soviet-built Lada contributed 1.75 per cent to the imported cars on the West German market in a year in which most European car makers lost ground in Germany while the Japanese gained. Satra Corporation of New York, the exclusive agent for Avtoexport of Moscow for Lada sales in West Germany, the UK and the US, fully owns Deutsche Lada which had sales last year of DM 93m, an 11.6 per cent gain over 1978.

The parent company had a turnover of \$250m last year, half of which came from car sales and the rest from diverse activities such as metal trading, processing of ferro-silicon, ferro chromium and ferro manganese and trade in chemicals and pharmaceuticals.

**Washington to seek fibres compensation**

BRUSSELS — Mr. Thomas Enders, the U.S. Ambassador to the European Community, yesterday said the Carter Administration will definitely seek compensation for British curbs on imported synthetic fibres.

Mr. Enders also warned that a proposed EEC tax on vegetable oils could provoke "a fundamental quarrel" with Washington.

He also spoke of the gravity of the steel slump in both the U.S. and Western Europe and said both sides must show restraint in resolving their trade disputes.

Speaking to the American Club of Brussels, he said EEC-U.S. trade disputes that he suggested would have to be settled amicably if the West is to take a forceable stand against Russian aggression in Afghanistan. He insisted the two partners could avert a trade war by re-

course to what he called due process, by resisting the urge to retaliate and by keeping the channels of communication open.

Britain's decision to impose quotas on cheap U.S. synthetic fibres was understandable, he said.

"This, rather than being the first cannon in a trade war was an example of a system in proper operation," Mr. Enders said.

The U.S. in turn, has the right to ask compensation, because we have to show our industry that protectionism is not a free ride."

He emphasized that his Government would seek redress under the rules of the General Agreement on Tariffs and Trade and in close consultation with the EEC. Moreover, he said, measures would be carefully limited.

Reynolds claims that the agreement is the first between an international tobacco company and China.

Trades between Reynolds and China began in April, 1979,

continuing in both China and the U.S. concerning co-operation in the development, production and sale of cigarettes, the company said.

The production of Camels in China is scheduled to begin in the fourth quarter of this year or early in 1981.

**U.S. lifts restrictions on aircraft buyers**

WASHINGTON — Mr. Robert Hormann, deputy U.S. international trade negotiator, has signed an order waiving the U.S. "buy American" requirements covering the purchase of aircraft, engines and parts that took effect on January 1, eliminated U.S. import duties of 5 per cent for aircraft and up to 8 or 10 per cent for parts, providing other signatory countries accepted similar duty-free treatment for such imports from the U.S.

AP-DJ

The waiver would allow Federal Government purchases of civil aircraft from manufacturers in Canada, the EEC, Sweden or Norway, all signatories of an international civil aircraft trade agreement negotiated in Geneva last year.

Japan is expected to be eligible for the same treatment after that country ratifies the civil aircraft trade accord.

U.S. officials said that the waiver would not apply to the Defence Department's purchases of civil-type aircraft, such as the executive jets used for transporting high-level Pentagon officials.

In the past, under the "buy American" requirements, U.S. suppliers of aircraft, engines and parts to the Federal Government had been given a 6-12 per cent bidding price advantage over foreign companies. But in some instances—even with "buy American" preferences for U.S. companies—U.S. agencies had

**ECGD covers Uganda loan**

THE Export Credits Guarantee Department has guaranteed the repayment and funding of a \$19m (£3.3m) loan which Standard Chartered Merchant Bank, acting on behalf of Standard Chartered Bank, has made available to the Government of Uganda. The loan will help finance a contract awarded to BL International by the Government of Uganda for the supply of trucks, buses, Land Rovers and spare parts.

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**Reynolds to make cigarettes in China**

By Stewart Fleming in New York

R. J. REYNOLDS, a leading U.S. tobacco company, has signed what it describes as a major joint venture agreement with the People's Republic of China aimed at the manufacture and sale of its "Camel" brand filter cigarettes in China and the development of a new jointly-owned brand partly for export from China.

Under the contract manufacture arrangements with the People's Republic, Camel filter will be produced in China with equipment supplied by Reynolds' Tobacco International, initially with tobacco supplied from the U.S.

Reynolds will receive a licence fee for the use of the Camel name.

Under a separate agreement China and Reynolds have agreed to develop and market a new jointly-owned cigarette brand which will be produced in China using both Chinese and American tobacco.

Reynolds claims that the agreement is the first between an international tobacco company and China.

Trades between Reynolds and China began in April, 1979, continuing in both China and the U.S. concerning co-operation in the development, production and sale of cigarettes, the company said.

The production of Camels in China is scheduled to begin in the fourth quarter of this year or early in 1981.

Richard C. Hanson examines Taipei's healthy export performance

**The secrets of Taiwan's success**

TAIWAN LACKS formal diplomatic ties with nearly all its trading partners, a fact which, one might assume, could cramp the style of the shrewdest of merchants.

The Taiwanese, with a history of better controls on inflation, have so far declined to follow suit in devaluing the New Taiwan dollar. They worry that a devaluation would increase the cost of imports, and appear confident that the quality of their export products has already given them the edge over the Koreans.

The structure of the Taiwanese economy has shifted over the past 30 years from almost total dependence on agricultural products for exports and now about 90 per cent of exports are manufactured. The goods, however, still are mainly light industrial products with heavy emphasis on textiles.

This can be seen as a weakness, given the growing cost of imported raw materials and the amount of competition Taiwan now faces from other low-wage countries.

TAIWAN 1979 Exports \$19bn  
1978 Population 17m

CHINA 1979 Exports \$13.7bn  
1978 Population 933m

Exports of textile products rose in value by 22 per cent last year and accounted for a quarter of all exports. Yet there is a discrepancy between value and volume, and this is perhaps best illustrated by Taiwan's exports to the U.S. These showed a 12.7 per cent increase in value but actual volume was probably flat. Textile exports to the U.S. are believed to have actually declined in volume terms by a substantial amount.

The export sector which is of most importance for growth now is electronics, where most of the new investment from overseas also happens to be concentrated.

Last year electronics scored a 30.9 per cent gain in value and accounted for 16.4 per cent of all exports. Within the next three or four years, electronics are likely to surpass textiles as the number one export. So far, electronics exports have been

behind those of Taiwan, whose 17.4m population is only half South Korea's.

The Taiwanese, with a history of better controls on inflation, have so far declined to follow suit in devaluing the New Taiwan dollar. They worry that a devaluation would increase the cost of imports, and appear confident that the quality of their export products has already given them the edge over the Koreans.

The structure of the Taiwanese economy has shifted over the past 30 years from almost total dependence on agricultural products for exports and now about 90 per cent of exports are manufactured. The goods, however, still are mainly light industrial products with heavy emphasis on textiles.

This can be seen as a weakness, given the growing cost of imported raw materials and the amount of competition Taiwan now faces from other low-wage countries.

CHINA 1979 Exports \$13.7bn  
1978 Population 933m

Exports of textile products rose in value by 22 per cent last year and accounted for a quarter of all exports. Yet there is a discrepancy between value and volume, and this is perhaps best illustrated by Taiwan's exports to the U.S. These showed a 12.7 per cent increase in value but actual volume was probably flat. Textile exports to the U.S. are believed to have actually declined in volume terms by a substantial amount.

The difference in circumstances between Taiwan and South Korea comes into sharper focus considering that the Koreans were compelled to devalue their currency last month by 16.55 per cent to help regain competitiveness for their exports.

This move set the stage for South Korea's decision this week to float the won in line with the International Monetary Fund's special drawing right. While that move is effective today, it is understood the won, at least initially, will not be allowed to drop below the exchange rate established at last month's devaluation.

South Korea's inflation rate is running at about twice that in Taiwan. Even with the devaluation, Korea expects its exports this year will be about \$2bn

up from \$1.3bn last year.

Japanese traders report that the Peking Government offers such incentives as duty-free treatment for goods made in Taiwan, considered just another province in Peking's eyes. The Chinese, consistent if nothing else, would require, however, that payment for the goods be

paid in dollars.

Taiwanese worry that business could become too dependent on the emerging Chinese market place. The idea of investing in Taiwan for use as an export base to China is tossed around quite seriously among Japanese businessmen, but one fear is that China trade could turn out to be the bait which, ultimately, brings Taiwan closer to the mainland.

HONG KONG 1979 Exports \$11.2bn  
Re-exports \$3.9bn  
1978 Population 4.61m

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## UK NEWS

# Landing fees at airports to rise 35%

BY LYNTON MCALPIN

THE BRITISH Airports Authority is to raise its landing fees by 35 per cent from April 1. The move is expected to cost airlines more than £100m in the first year and to add £1.20 to the price of each ticket from April 1 when passed on to passengers.

The increases were announced yesterday at the same time as Mr. John Nott, the Trade Secretary, told MPs in the House of Commons that he had set the BAA its first financial target.

He said the authority would have to achieve an average rate of return on net assets, equivalent at current cost of 6 per cent a year over the next three years.

Mr. John Mulkern, the British Airports Authority managing director, said yesterday that the higher landing fees were necessary to cover an expected 18 per cent rate of inflation and to help the authority to meet the Government's 6 per cent rate of return target.

The authority last year

achieved a rate of return of only 2.8 per cent in current cost accounting terms.

Mr. Nott told MPs that the 6 per cent target "implies increases in productivity of capital and employees". He said the financial target would accompany other "performance aims". These had been agreed with the BAA.

The number of passengers handled per employee has to grow at an average rate of 3 per cent a year over the next three years.

Mr. Nott said the Government expected the BAA to move towards break-even in real terms at its Scottish airports by the end of the three years. These airports lost £2.8m in the last financial year.

Airlines will pass the increases on to passengers. British domestic airlines have already applied to the Civil Aviation Authority for fare rises of between 12 and 30 per cent from April 1.

## CEGB seeks outside help for coal port

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE Central Electricity Generating Board is examining the possibility of involving outside partners, including international oil companies, in the long-term development of deep-water port facilities capable of boosting Britain's coal imports by 10m tonnes.

The CEGB now has facilities to import 5.6m tonnes of coal a year to add to the 75-77m tonnes it buys from the National Coal Board. The board, concerned that it may eventually face a shortfall in British coal supplies, is considering investing in port facilities capable of handling an additional 10m tonnes of imports.

But rather than committing itself to expenditure that could run to more than £100m, it is investigating whether it can interest private industry, including oil companies.

Although major oil companies

are now diversifying strongly into the coal industry, there was no indication yesterday from Shell or BP that they would be interested in such a scheme.

The CEGB emphasises that the investment would not bear fruit for many years, being designed primarily to supplement UK coal production.

But a decision to proceed would provoke strong opposition from miners, who would see additional imports as a threat to their jobs.

No decision on the ports proposal is imminent. Planning and construction of a complex could take five or six years.

Sites being looked at by the CEGB include Humberside, Birkenhead and Bristol. It might also consider facilities near to British Steel's berths at Port Talbot, in South Wales, and Hunterston, on the Clyde.

## Thai TV imports cause concern

BY GUY DE JONQUERES

BRITISH television manufacturers are seeking Government help to prevent a major increase in imports of black and white portable sets from Thailand this year.

Thailand entered the television business only recently, and exported about 11,000 sets to Britain last year. But according to the manufacturers, imports are set to rise to 100,000-200,000 this year and could seriously damage domestic manufacturing operations in the UK.

Mr. Nott told MPs that if so many imports were allowed to enter the country, the company might be forced to review its operations in the sector.

Thorn Electrical, the biggest UK manufacturer, said yesterday that if so many imports were allowed to enter the country, the company might be forced to review its operations in the sector.

A group of trades union officials and several MPs joined representatives of Thorn, Philips, Pye and Rank last week in talks with officials at the Department of Trade, at which they expressed concern at the expected rise in Thai imports.

The Government can do little officially to restrain the level of imports, since it would need EEC approval for any formal trade restrictions.

### Restraint

But the manufacturers hope it will pave the way for industry-to-industry talks on voluntary restraint arrangements by making clear to Thailand that it authorizes the alarm with which the planned increase in imports is being viewed.

The next round of talks between British manufacturers and Far East exporters is not due until the autumn. It is hoped that Thai television manufacturers, who have not been included in these sessions in the past, will agree to open discussions before then.

According to the British Radio Equipment Manufacturers Association, almost 1.4m black and white televisions were sold in the UK last year, of which 630,000 were manufactured domestically. Thorn accounted for half of UK production.

## Public bodies urged to buy British office equipment

BY ELAINE WILLIAMS

PUBLIC SECTOR organisations should make more efforts to buy British, says the office machinery sector working party in its report to the National Economic Development Council.

In assessing their own long-term requirements, local authorities, government departments and nationalised industries are urged to take more account of the need to develop office equipment in Britain.

Manufacturers should speed up the transition from mechanical and electromechanical to electronic designs, or the industry will not be able to respond quickly enough to growing competition especially from Japan and the US.

In this context, public bodies could also be used as "extended market launch pads" for certain products, the report says.

The Government should look at other countries' support schemes for the industry "so as to understand any disadvantages imposed on British manufacturers by the absence of equivalent support."

Strongest competition comes from countries where governments have a history of long-term procurement policies tailored to the development of their local manufacturing bases, the report says.

Office equipment has been a small customer for the components industry, but new products will contain a large number of microelectronics components and the working party says that large capital investment will be needed to support both the development and manufacture of new products.

The reprographics and copying market, a traditional stronghold, have come under increasing attack from Japanese imports, particularly of cheap plain paper copiers.

Since this sector accounts for 60 per cent of the industry's workforce, the working party is worried by the growing threat to employment, especially as the Japanese are showing signs of extending their range to the more expensive copiers—a sector where the UK is strong.

The report says the reprographic equipment manufacturers should draw up plans in partnership with the Government to increase their ability to make cheap copiers.

Alternatively the Government should take the initiative and explore the possibility of foreign-owned multinationals expanding in the UK to cover the low end of the range.

To speed up the change to electronics by traditional office equipment manufacturers, the working party, with the electronic component makers through the Electronic Components Industry Federation—has looked at ways of improving the relationship between the two industries.

Office equipment has been a small customer for the components industry, but new products will contain a large number of microelectronics components and the working party says that large capital investment will be needed to support both the development and manufacture of new products.

## Why Institute grant was cut

# Insight no longer unique

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PUBLICATION of the February quarterly review from the National Institute of Economic and Social Research used to be an important date in the pre-Budget calendar.

The review was frequently the front page lead in this and other newspapers and was regarded as a rare opportunity to cross-check the forecasts and policy analysis of the Treasury. The institute had similar forecasting methods and policy approach and was frequently dubbed the Treasury in Exile in Dean Trench Street.

Now, however, the review is treated as one of a series of economic forecasts and analyses published before the Budget and regularly during the rest of the year. The institute also no longer provides a unique insight into Treasury thinking as the two organisations have grown rather apart.

The change in status has been highlighted by the Treasury's decision to halve its grant in real terms to the institute over the next three years, creating a financial shortfall.

The institute's near monopoly of forecasting has been undermined by those bodies, by the Confederation of British Industries, by several reputable specialist business economists and by the myriad of City banking and stockbroking foundations.

Friends of the institute would say its critics tend to ignore the wide range of highly respected research work it sponsors under its director, Mr. David Worswick.

Its annual report this week identifies work on, for example, energy prices, the size of business, the structure of industry and international comparisons of productivity. In addition, the institute has remained an unrepentant advocate of reflation, demand management, and incomes policy, and has been the main organiser of conferences on important policy issues such as demand management and deindustrialisation.

The institute's reputation has, however, been affected rather

more by its controversial policy recommendations. Indeed, before the election, senior Conservatives questioned why the institute alone should receive a large grant from the Treasury.

This money is unique in that it finances a continuing research programme and is not tied to specific projects, as with other official finance to economic research bodies.

This is not the first time the institute has faced financial pressure. In 1978 the Government-backed Social Science Research Council reduced its grant after some complicated wrangling between the Council and the Treasury.

The Treasury grant has been running at £200,000 out of the institute's annual income of £600,000 and the cut, covering the grant for the next three years, will be equivalent to about a sixth of present income.

To lessen its dependence upon government—at one stage for up to four-fifths of total income—the institute has boosted income from business subscriptions from 8 to 14 per cent of its income. A further drive will be made to raise money from foundations.

That will not be easy and a gap will remain. However, the institute has for some time been cautious about replacing staff, so there should be no sudden redundancies among the present of nearly 50.

No attempt is made to disguise the disappointment in the institute. Its future work is being reviewed. Yet to many friends and critics more fundamental questions are raised about its role and about whether it should, like the London Business School, develop closer links with industry and commerce.

Yet if the institute did not exist it would probably be necessary to invent it, even if in possibly a different form from the present.

## Loft insulation grants not taken up

BY ANDREW TAYLOR

LESS THAN HALF the £25m allocated by the Government for loft insulation grants for private homes is expected to be taken up in the current financial year.

Local authorities are also likely to have less cash to spend on loft insulation. This follows Mr. Heseltine's decision to cut housing allocations to local

authorities by almost a quarter in 1980/81.

The loft insulation scheme was introduced in 1978 as part of an energy conservation programme.

In the first year of

the scheme, 380,000 private homes were insulated. Loft insulation was provided in the same period.

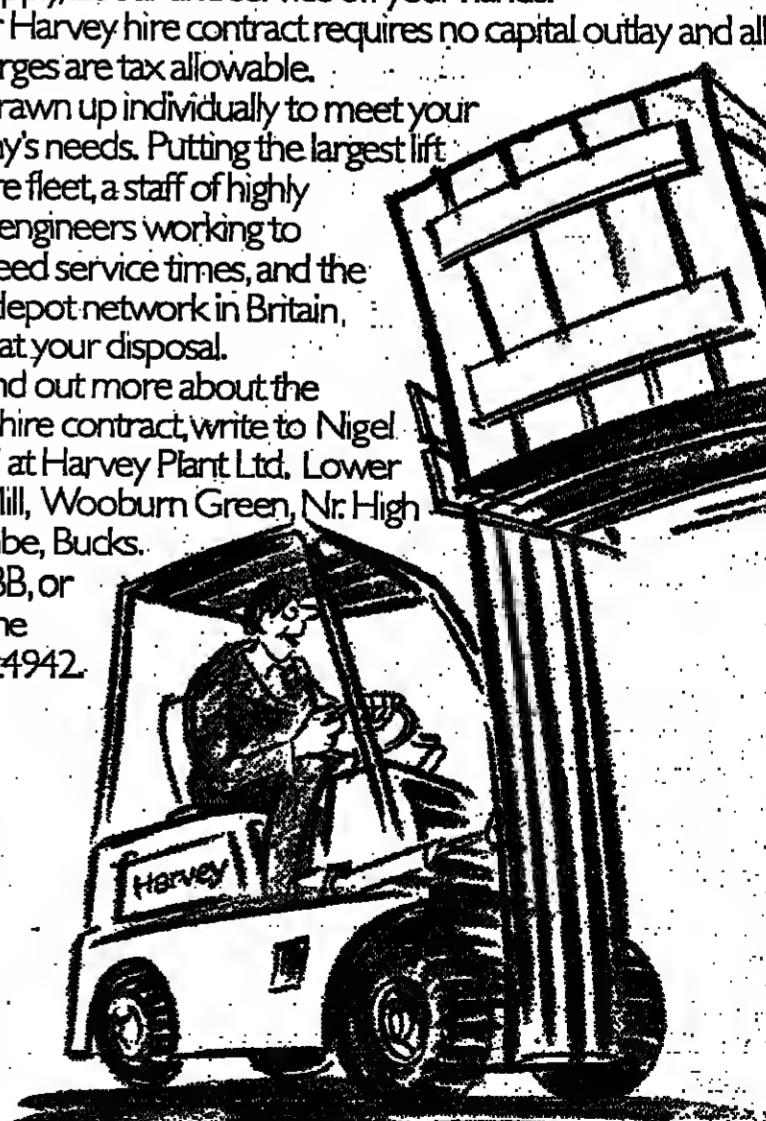
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## Bronze statuette cast fetches £30,000

A UNIQUE proof cast of a 19th-century bronze statuette of a Roman trumpeter sold for £30,000, more than double the previous record.

It was produced in 1889 by Jean-Léon Gérôme. The price, plus 11.5 per cent buyer's premium and VAT, was paid by Ulisses, the London dealer.

In the sale of sculpture and works of art, another high price was the £4,500 from Simons, the London dealer, for a 19th-century French or German silver charger with ivory plaques. A third London dealer, Barham, paid the same sum for a late 19th-century French bronze of a nymph, signed Mathurin Moreau.

Many museums were buying in a Christie's South Kensington sale of a collection of lace and linen assembled in the past century. The top price was £3,400 from the Poldi Pezzoli museum of Milan for a long flounce of point-de-nœud needle lace produced in Italy in the late 17th century. A panel of needle lace of around 1710 sold for £2,000. All prices were way above estimates, which had not ventured above £300, and suggested extraordinary conservatism, given the strength of

demand in recent months.

Christie's also had its best coin and medal sale, yesterday's total of £374,353 almost doubling the previous record. Gold was in heavy demand, particularly George V sovereigns, which had been stored away when minted and not touched since. A mixed lot of 141 Edward VII and George V sovereigns sold for £9,900 to Brod. Fiva lots of 100

gold sovereigns minted in Perth or South Africa each sold for £7,550. A rare William III portrait medal in gold realised £4,600.

A Saxon wheelock sporting rifle of around 1593 sold for £3,200 at a Sotheby's arms and armour sale and, at the other extreme, a pair of Boss & Co 12-bore sporting guns of 1777 made the same sum. A good price (double the forecast) in the English pottery and porcelain sale was £6,200 for a figure of a Leeds pearlware stallion of about 1790.

## SALEROOM

BY ANTONY THORNCROFT

**Harvey**

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JULY 1980

## Small business plea for new loan scheme

BY JAMES MCDONALD

THE ASSOCIATION OF INDEPENDENT BUSINESS has asked the Government, the clearing banks, pension funds, building societies and the assurance societies to support a small enterprise loans scheme.

A plan, backed by a Government guarantee, would be designed to support small enterprises "with visible proposals, but without the assets to meet the banks' conventional requirements for security," Mr. Philip Bayliss, a member of the executive committee of the association, said in London last night.

Building societies are being asked to depart from their traditional mode of lending to promote advances to small businesses on the basis of the capital a borrower has in his house.

At present, the building societies often enable individuals to benefit from the growing value of their houses but only for two specific purposes: to finance the purchase of a more expensive house, or to finance an extension or other improvement to an existing house.

The building society, the association agrees, would need to be completely satisfied that the present value of the dwelling "adequately secured their total mortgage and that repayments remained within the capacity of the borrower."

### Assurances

"We would expect borrowers to produce proof acceptable to the building societies that the money was actually being invested in a small business, suitably defined, on a long-term basis," said Mr. Bayliss.

The societies would want assurances from the Government and the Bank of England that a move of this kind would not bring the societies within the scope of the credit controls imposed on the banking system.

The association is also asking life assurance societies to re-appraise their approach to lending on the security of existing policies.

"Surrender values are fixed by formulae which include, quite properly, a measure of penalty for breaking the policy contract. What we suggest is that the maximum loan values should be related much more closely to estimated maturity values, discounted by reference to the total premiums as yet unpaid."

The association points out that loans on the security of policies do not at present form a large part of the societies' funds so that a significant increase "is unlikely to upset the spread of investments."

The capital involved "frequently already represents a vital part of the 'seed' capital which enables a business to commence."

for all levels of wage earners. This, he adds, would probably cost between £1.5bn and £2bn.

The question of whether to raise personal tax allowances in line with inflation is one of the key issues being debated by Treasury officials during the run-up to the Budget. Under the 1977 Finance Act, the Government is committed to inflation-indexation of allowances unless Parliament decides otherwise.

It urges the Government to ensure that present income tax thresholds are not eroded by inflation. Also, if possible, it would like the basic tax rate reduced from the present level of 30 per cent.

Mr. Leslie Tolley, the institute chairman, says "it is essential to prevent personal taxation rising steeply as a result of inflation." He suggests that tax allowances and the higher rate thresholds and bands be increased by an amount sufficient to prevent direct taxation rising

## Management institute seeks tax incentives

BY DAVID MARSH

THE BRITISH INSTITUTE OF MANAGEMENT has asked for tax changes to improve incentives for middle-income tax payers.

In a letter to Sir Geoffrey Howe, the Chancellor, the institute calls for action in next month's Budget to restore after-tax pay differentials for skilled workers, technicians, professional people and middle managers.

It urges the Government to ensure that present income tax thresholds are not eroded by inflation. Also, if possible, it would like the basic tax rate reduced from the present level of 30 per cent.

Mr. Leslie Tolley, the institute chairman, says "it is essential to prevent personal taxation rising steeply as a result of inflation." He suggests that tax allowances and the higher rate thresholds and bands be increased by an amount sufficient to prevent direct taxation rising

## Ladbroke licence bid back in court

BY ANDREW FISHER

LADBROKE GROUP'S bid to win back licences for three of its lucrative London casinos enters a crucial stage today as the company goes to the courts again to have last year's closure ruling reversed.

Hanging on the result of the initial two-day hearing in the High Court is the fate of Ladbroke's fourth London casino, the Park Tower, and conceivably of its 11 provincial premises.

Ladbroke was forced to close its three Mayfair casinos — the Herford Club, the Hyde Park Casino and the Ladbroke Club — after Knightsbridge Crown Court refused to reverse an earlier court decision to withdraw the licences.

After the long Knightsbridge hearing, Mr. Justice Friend tersely summed up the court's view of Ladbroke's London casino activities: "There can only be one word for their conduct. It was disgraceful."

The loss of the three licences followed publicity about secret activities to tempt high-spending gamblers away from rival casinos.

South Westminster magistrates accordingly decided last summer that two Ladbroke sub-

sidiaries, Ladup and Hyde Park Casinos, were not "fit and proper persons to be holders of gaming licences."

Since then operational control of the casinos has been transferred to a new Ladbroke subsidiary, City and Provincial Gaming Holdings. It was on the basis of this restructuring that the group tried, and failed, to have the licence ruling overturned.

Ladbroke says Knightsbridge Crown Court paid insufficient regard to the new structure in making its decision. "If that were a matter to affect us, it would simply mean that every limited liability company could breach the law," said Mr. Justice Friend in court.

If the Queen's Bench Divisional Court, part of the High Court, agrees this week that Ladbroke's grounds are valid, having granted leave to appeal last December, the case will return to the Crown Court. Ladbroke hopes for a decision on Thursday.

The Gaming Board's attempt to bar the licence of the Park Tower casino in Knightsbridge cancelled has been postponed until after the appeal. Cancellation here could also affect the future of the provincial operation.

## Braniff drops S. America plans for Concorde

BY LYNTON MCLEAN

BRANIFF International, the U.S. airline which operates Concorde between Dallas and Washington on lease from British Airways, has shelved plans to use the aircraft on new routes to South America.

Mr. Russell Thayer, president of Braniff International, said in London yesterday that high fuel costs had forced the airline to drop the idea for the time being.

Concorde flies below the speed of sound from Dallas to Washington and has attracted high load factors, particularly in the off-peak season. Mr. Thayer said the operations broke even, since Braniff paid only for the actual mileage flown by the aircraft.

Rising fuel costs were the main cause of the airline's

loss last year. Fuel cost \$198m (£86.8m) more than in 1978, when Braniff reported a \$45m profit. It now represents a third of the airline's operating costs compared with 10 per cent in the early 1970s.

Braniff International is one of the airlines which has applied to operate the Boston-to-London service, as part of a revised air service agreement between Britain and the U.S. which may be concluded this week.

Talks were held in London this month and are to be resumed in Washington today. They are expected to deal with a possible doubling in the number of U.S. "gateway" cities with direct air services to London.

## Big PO order for Dodge vans

DODGE, the trucks subsidiary of the PSA Peugeot-Citroën group, has won its biggest order from the Post Office — for 4,026 vans worth £14.5m.

Dodge has now won Post Office orders for 6,728 vehicles worth £24.5m, in 1980. They will be produced at Dodge's plant in Dunstable, Beds.

The latest order is for 4,026 Spacevan 2500 models for Post

Office Telecommunications. This division has also ordered 81 Dodge 100 series Commando G10 models worth £250,000, and the postal business has ordered 139 Dodge 12-seater PSV post buses based on the Spacevan and worth £750,000.

Dodge commented: "We have won major contracts from the Post Office for the past nine years, but this year's is the biggest."

## MARTIN DICKSON REPORTS PROGRESS IN THE £600M SELBY PIT PROJECT

## The Coal Board's £1m a week showpiece

HONEY-COLOURED buildings of brick York stone are starting to dot the flat countryside around Selby, in North Yorkshire, as construction work nears a peak in the development of one of the world's most advanced coal-mining complexes.

Production should start in late 1982 when coal will start flowing to Gascoigne Wood from the nearest mine, Wistow.

By 1988, coal should be coming from the other four mines — Stillingfleet, Riccall, North Selby and Whitemoor.

The sinking of the shafts and drifts has been complicated by a layer of "wet" basal sand which lies between the surface and the coal seams. This moisture-retentive rock can create flooding problems.

To overcome this, engineers have been freezing the basal sand as the shafts reach them. Brine at sub-zero temperatures is pumped into the ground and the shaft is then driven through the frozen strata. It is plugged to prevent flooding before the ground is allowed to thaw.

However, this process has not been trouble-free. During the thawing process at Wistow mine, water began flooding one of the shafts at these pits.

The problem was eventually solved by pumping 4,000 tonnes of liquid cement into the basal sand, but work at Wistow was put back seven months.

Planning complications have also delayed by as much as a year, the sinking of the final shaft at Whitemoor mine, but it is expected that increased output

put from Wistow can make up any production losses there.

Despite these difficulties, the project remains on schedule. At Gascoigne Wood, for example, the 2,400 feet under-ground

From a financial viewpoint,

the NCB is also pleased with progress so far. Selby is expected to cost £600m at current prices, and £700m after inflation. So far £254m has been committed.

According to Mr. Mike Eaton, the board's area director in

North Yorkshire, the project is worth more than £50m.

With less than three years to the scheduled start of production from the National Coal Board's £600m Selby coalfield, expenditure is now running at more than £1m a week. During the past few months the NCB has awarded half-a-dozen major contracts, together worth more

than £50m. Four or five are likely to face closure in the next four years.

Even though the Board is now in the position of being able to offer old pits for old, negotiations with the mining unions on the closure of pits remain extremely delicate.

The unions are committed to keeping open pits with workable coal, but the definition of workable invites different interpretations.

The investment now being undertaken in North Yorkshire will take time to produce results, but the board is sure that it will put the area on a sound financial footing, provided, as one official puts it, "You're not simply taking pound notes from profitable pits and pouring them down old, uneconomic ones."

The board points to Kellinghall colliery, established in 1958, as an example of the potential

## Brickmaker offers to move 'dirt'

A BRICKMAKER has offered to solve a multi-million-tonne dirt problem for Leicestershire and Bedfordshire—but insisted that the NCB foot the bill.

The dirt—20m tonnes of spoil—will be generated in Leicestershire if the Vale of Belvoir mine project is approved.

London Brick Landfill, a subsidiary of London Brick, proposes to transport the spoil by train to fill in the Bedfordshire clay pits—an eight-mile stretch

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## UK NEWS—LABOUR

# Teachers to claim 20% on top of Clegg rises

By NICK GARNETT, LABOUR STAFF

UNIONS representing primary and secondary school teachers yesterday agreed a joint pay claim which will involve rises of more than 20 per cent on top of the Clegg comparability commission awards to be announced next month.

The claim, due for settlement in April, calls for salary levels after the Clegg awards have been added to be then increased by the rise in the index of average earnings over the 12 months prior to the start of this year's pay negotiations.

The most recent average earnings figures, for December, showed a rise of 19.6 per cent but are expected to be higher in the next set.

The five unions, representing 480,000 teachers, have pitched the claim on the basis that the Clegg awards will restore the value of the Houghton salary scales of 1974.

The unions said they wanted

a settlement, involving an across the board percentage rise, to be concluded speedily. The employers' reply to the claim is expected at the end of next month when the full Burnham committee meets.

Last year's settlement involved a 9.3 per cent increase in April together with a reference to the Clegg commission on the rest of the 38.7 per cent claim. There was also a £6 payment on account from the future award of the commission.

The settlement followed industrial action in spite of disagreements between the two principal teachers' unions on the tactics.

Following delays in producing the Clegg findings, the unions agreed an 8.2 per cent interim deal from last month but are paying back last year's £6 on account payment over the first four months of this year. Half of the Clegg award will be paid from this January with

the remainder taking effect in September.

The unions have been generally optimistic about the awards the Clegg commission will present and have been assured that the Government will honour them.

• The National Union of Teachers is calling members in 120 Leicestershire schools out on a one-day strike tomorrow in protest against a £5m cut from the county's education budget. There are no plans to escalate the action nationally.

The union also threatened an indefinite strike by 96 members in five schools in Trafford, Greater Manchester.

Talks aimed at restoring 90 teaching jobs broke down over the holidays, the NUT alleged. It also said 900 members would strike in 40 Avon schools until Thursday in protest at cuts affecting 300 teaching jobs.

## Pay lag interest claimed

By Our Labour Staff

THE Association of Scientific, Technical and Managerial Staffs, which has a negotiating agreement for its members in the Midland Bank, has told management that it wants interest paid on backdated money delayed in the settlement of this year's wage negotiations.

The principal clearing banks are due to settle with clerical and computer staff in April.

The association says that its claim for interest, to be applied at the base rate, derives partly from its belief that the settlement might be delayed as a result of the agreement from the banks, staff associations and the Banking, Insurance and Finance Union (BIFU) to deal nationally with this year's negotiations.

The association's overall claim is worth 25 per cent

## Civil Service unions in test case

By PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions will meet Whitehall officials in two weeks over what the unions consider a test case on the legal relationship between civil servants and the Government as their employer.

The meeting, under the auspices of the Advisory, Conciliation and Arbitration Service, has been arranged between the unions and the Civil Service Department for March 11.

The unions decided last year to lodge a complaint against the Government under the Employment Protection Act, to force the disclosure of information about plans to reduce manpower costs.

announced proposals in December to cut a further 40,000 staff posts. The unions are still unhappy about the level of central information provided on the cuts, but they recognise the attempt to force disclosure is now academic.

However, the staff side of the Civil Service National Whitley Council has decided to press ahead with its reference under the 1975 Act, to try to clarify what it sees as the grey area of Crown immunity from employment protection legislation.

although the Institution of Professional Civil Servants tried last year to take its technological dispute to ACAS, rather than the Civil Service Arbitration Tribunal to which it was eventually referred.

There is considerable dissatisfaction with the tribunal in some unions, particularly in the IPCS. The tribunal's decision on technologists' pay which went heavily against the union Civil service union officials feel

the precedent of applying to ACAS will give them a further weapon in any forthcoming disputes.

Secondly, the unions hope the outcome of the case will help towards resolving anxieties that there is no satisfactory and watertight legal definition of employment in the Civil Service and suspicions that Ministers reserve the right to opt out of the provisions of employment legislation if necessary.

## AUEW defers Wright verdict

By ALAN MIKE, LABOUR CORRESPONDENT

THE Amalgamated Union of Engineering Workers executive yesterday deferred a decision on disciplinary action against Mr. Bob Wright, the Left-wing assistant general secretary involved in a controversy over the production of literature attacking the union leadership.

Mr. Wright yesterday spent more than an hour with the executive discussing the issue, which last week led to the dismissal of two members

tatives of the union's senior staff are to meet Mr. Duffy, Sir John Boyd, general secretary, and other executive members tomorrow to discuss the dismissals.

The material prepared by the two dismissed staff, Alan Hughes, the AUEW's education administrator, and Mr. Trevor Edward, a research and technical assistant, dealt with last year's engineering industry pay dispute.

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## EFFECTS VARY AS THE STEEL STRIKE ENTERS WEEK NINE

### Workers vote to go back

By RHYNS DAVID

MOST PRIVATE sector steelmakers in Sheffield expect to be back in production by early next week following decisions by workers at a number of mass meetings to resume work.

The latest back-to-work move came yesterday at a meeting of Firth Brown's engineering employees, who voted seven-to-one to accept the decision last Friday by their colleagues in the Iron and Steel Trades Confederation to return to work. Earlier, members of unions in the Confederation of Shipbuilding and Engineering Unions at Firth Brown had been instructed by their officials not to co-operate with ISTC members returning to work against national union instructions.

Firth Brown said yesterday the group's works, where a total of 8,000 is employed, including 1,000 ISTC men, would be open from 6 am today, and it was hoped production could be picked up quickly. Men at Templeborough

Rolling Mills have resumed work joining others at Handsworth who ended their strike on Monday. From next Monday, men at Osborn Steel, part of the Aurora Group, and at Spencer Clark, are expected to return to work. A number of other smaller independent steelmakers which do not employ ISTC men have remained in production during the three-week extension of the strike to the private sector.

In Manchester, the Norwegian-owned Manchester Steel's two plants are both working normally, and men at the company's Bidston works in Birkenhead started work again yesterday afternoon after an earlier vote.

The company employs about 850 men at the three locations, of whom about one-half belong to the ISTC. The position in the North of England generally remains much better than was being predicted several weeks ago, with fewer lay-offs and less

picketing than expected, and stocks and incoming supplies much better, according to reports received by the regional offices of the CBI. The only significant lay-offs in the Northwest have been in the can industry. Metal Box, for example, had to send home nearly 600 workers at Bolton and a further 180 at Carlisle.

In the North East, lay-offs have begun to occur at several engineering companies unable to get supplies of steel, and among suppliers to BSC plants in the area.

Generally, however, industry appears to be finding the steel it needs, either from its own stocks or from imports coming through a less than fully comprehensive port blockade.

A number of companies say that steel, where available, is costing substantially more. Overseas suppliers are insisting on contracts of 4-6 months in some cases as a condition of supply.

CONCERN is mounting in the Midlands at the likely impact on manufacturing of the steel strike which today enters its ninth week.

Guest, Keen and Nettlefolds said last night that nearly 1,700 workers had been put on short time or laid off because of steel shortages.

More than 3,000 workers in the drop forging industry are also working a short week because of the strike and the downturn in demand from the vehicles industry.

Foundries and rolling mills are also being hit because of raw material shortages.

Mr. Steve Rankin, director of the West Midlands region of the Confederation of British Industry, said the next two to three weeks would be crucial. The steel stock position appeared to have deteriorated

and companies were reporting that important export orders were now at risk.

The problems for the West Midlands have been delayed in part because of the current low level of economic activity. The layoffs now being implemented by BL Cars to reduce stocks had been anticipated by many component suppliers who have been running down production schedules.

Steel stocks had been built up in advance of the strike and in the first few weeks of the dispute supplies were moving freely around the region as manufacturers prepared for the strike.

Indeed, many companies, who at the outset of the strike were reporting four weeks' stock, were claiming greater supplies as the dispute continued.

The advantages to be gained from switching supplies have been exploited and the total stock is running down.

Picketing in the region has been less effective than the steel unions would have wished, but it increased when strikers won a standstill in front of York Works, Walsall and Corby.

Two weeks ago, the Iron and Steel Confederation was claiming 3,000 pickets but admitted their numbers were inadequate in a region with no 500 steel stockholding outlets.

Numbers have since fallen to about 150 as enthusiasm for the dispute wanes and strikers take part-time employment.

The decision by 2,000 workers at the Round Oak plant, owned jointly by the British Steel Corporation and Tube Investments, to accept a 10 per cent pay cut has been welcomed by the TUC.

Mr. Roy Bishop, Divisional Officer of the ISTC, said last night that, part from Round Oak, the strike was solid. More than 7,000 workers were now out with the important steel rolling mills which are concentrated in the region at a standstill.

## Consumers remain confident

By Roy Hodson

MEMBERS of the British Iron and Steel Consumers Council—who account for more than half Britain's steel consumption—feel confident they can stay in production for several more weeks.

The members, which include most of the big steel users, are in a defiant mood summed up yesterday by director Mr. John Safford: "We say to Bill Sires and Len Murray, do your worst, we shall survive."

Only two sectors of the BRISCC membership—can-makers and the drop forgers—are having production problems.

The can-makers are suffering increasingly from timetable shortages because of their almost total reliance upon the BSC steel. The forgers are having some steel supply problems, but the fact that 25 per cent of the 24 companies in the industry have introduced short-time working recently can be partly explained by the recession in the motor components industry.

A growing number of British steel-using companies are turning to foreign suppliers in order to maintain production. The BRISCC now estimates that imported steel will take about 30 per cent of the market following the strike compared with between 20 per cent and 24 per cent during 1978.

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## Jenkin bows to court ruling

BY IVOR OWEN

BOWING to Monday's High Court ruling Mr. Patrick Jenkin, the Social Services Secretary, announced in the Commons yesterday that the suspended members of the Lambeth, Southwark and Lewisham Area Health Authority are to be reinstated. But he insisted that there can be no question of allowing them to return to the over-spending practices which led to his decision last August to replace them

with commissioners.

Backed by Government cheers, Mr. Jenkin emphasised that the decision by Mr. Justice Woolf that he had acted outside his powers in appointing the commissioners for an unspecified time did not affect the financial considerations which led him to suspend the area health authority.

He declared: "I make it clear that the judgment in no way changed the position that all

health authorities need to control their expenditure within the cash limits."

Mr. Jenkin, who faced repudiated shuns of "Resign" from the Opposition benches, clashed angrily with Mr. David Ennals, his Labour predecessor, who set the cash limit which the Lambeth, Southwark and Lewisham authority exceeded.

To Labour cheers Mr. Ennals told the Minister: "You have acted with complete arrogance, brazenly and illegally, and created great confusion in one of the largest areas in London as a result of action repudiated by the High Court."

### Control

Mr. Jenkin retorted: "If you had had a little more guts earlier the situation might never have arisen."

He left open the possibility of an appeal pending a detailed study of Mr. Justice Woolf's judgment.

Mr. Jenkin was cheered by Government supporters when he said his first concern was to accord proper respect for the Courts and for the rule of law. This meant that he had to give urgent consideration to the early restoration to the mem-

bers of the authority of their powers.

"I shall therefore this afternoon be considering with the chairman of the Regional Health Authority and the chairman of the commissioners the steps which might be taken."

"All this must be done in a way that ensures that the progress made by the commissioners in establishing financial control will be maintained."

Mr. Jenkin recalled that Judge Woolf stated that it was in the public interest that the commissioners should continue to act in the meantime and he applauded the progress they had made in bringing the financial affairs of the area under control.

Replying to questions about the decision taken by the commissioners in close twin hospitals—St. Olaves and St. John's—he explained that these had been short term measures to contain expenditure within the available resources.

### Overspending

"It is always open to health authorities to consider alternative ways of keeping expenditure under control," he said.

Dealing with the background to his decision to appoint the commissioners, Mr. Jenkin reminded MPs that the area health authority had already been overspending halfway through the financial year, and had carried forward the overspending of previous years.

"I took the view that the need was to act immediately."

Mr. Roland Moyle, an Opposition spokesman on the social services, contended that the area health authority had been put in an impossible position by the extra costs caused by the decision in the June budget to increase VAT to 15 per cent.

Mr. Jenkin answered that every other health authority in the country had resolved to live within its cash limits. The Lambeth, Southwark and Lewisham authority did not.

Thatcher  
supports  
steel  
ballot

THE Prime Minister gave her full support yesterday to a ballot of the striking steel workers.

The British Steel Corporation is to ballot its manual workers to see if they want a vote on its 14.4 per cent pay offer.

### Consulted

Replies to Mr. Michael Neuberger (C. Runcorn) said: "I believe that workers who have been without a pay packet for some eight weeks and without strike pay as well have a right to expect to be consulted about their wishes for the future."

Later, in Prime Minister's question time Mr. John Heddle (C. Lichfield and Tamworth) asked Mrs. Thatcher for her views on the decision of the Iron and Steel Trades Confederation executive in expel from the union "those workers who have exercised their wish to work."

Mr. Anderson recalled that the provisions had been described as a "string vest rather than a shirt-jacket." He believed that the string vest had so many holes that it would not deter anyone who was attempting to engage in insider dealing.

He—and Mr. Stanley Clinton Davis, a Labour trade spokesman—complained that new clauses had been brought forward as late as last Wednesday and this had not given the Opposition adequate time to examine them.

Mrs. Thatcher said that the new clause extending to unregistered companies the requirement to disclose loans to directors and a clause requiring auditors to ensure that a statement of such loans appears in the company report.

Insider share trading  
'convictions unlikely'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT



CLINTON DAVIS: Unibond managing director

DOUBTS WHETHER those who engage in insider trading would ever be successfully prosecuted under the Companies Bill were voiced in the Commons last night by Mr. Donald Anderson from the Labour front bench.

He was commenting on the provisions in the Bill which make insider trading illegal. The legislation was starting its two-day report stage in the Commons with a massive list of new clauses and amendments put down by the Government and Opposition.

"It appears that the possibility of a successful conviction on this insider clause is very remote indeed as a result of the obstacle course which the Government has provided for the prosecution," said Mr. Anderson.

"One is bound to raise a little doubt as to whether the Government seriously wants this provision to be effective."

### Dealing

He suggested that the Government really considered that the insider clauses could only act as a deterrent and a declaration that insider trading would be viewed with official disfavour.

Mr. Anderson recalled that the provisions had been described as a "string vest rather than a shirt-jacket."

He believed that the string vest had so many holes that it would not deter anyone who was attempting to engage in insider dealing.

The new clause excludes anything done in relation to debentures by an issuer manager provided it was done by him in good faith in connection with an international bond issue within three months of the issue date.

Also approved was a Government new clause extending to unregistered companies the requirement to disclose loans to directors and a clause requiring auditors to ensure that a statement of such loans appears in the company report.

Tory MP  
questions  
banks'  
profits

By Ivor Owen

CONCERN about the effect of high interest rates on small businesses and bank profits was expressed in the Commons yesterday by Mr. John Lee (C. Nelson and Colne).

He suggested to the Prime Minister that the Treasury should approach the clearing banks and ask them to consider using part of their "very substantially increased profit" to finance a reduced interest rate charge for smaller businesses.

Mrs. Thatcher replied that when interest rates were high, banks inevitably made higher profits at a time when other businesses were in considerable difficulty. Banks did less well when other businesses were themselves doing well.

### Explain

"That certainly is a difficult problem to explain," she said.

But the Prime Minister failed to introduce the introduction of two-tier interest rates or any other measure likely to result in increased borrowing which was itself the cause of high interest rates.

Mr. James Callaghan, the Labour leader, pointed out during the course of her EEC television interview on Monday, the Prime Minister argued that wage earners were entitled to claim more when they worked for prosperous businesses.

### Substantial

Did this mean that bank employees were entitled to a substantial increase?

The Prime Minister answered: "No. It has not been my policy to intervene in pay claims."

Aspects of the Prime Minister's television broadcast, Mr. John Townsend (C. Bridlington) assured her that she would receive strong public support for the attempt to reduce Britain's net contribution to the EEC budget.

JENKIN: Will continue to fight for spending controls.

## Owen calls for income and prices policy

By Elinor Goodman, Lobby Staff

THE Labour Party must get together with the unions to start drawing up a credible incomes and incomes policy in put before the country at the next election. Dr. David Owen, the shadow Energy Secretary and a possible outside runner in the Labour leadership stakes, said yesterday.

It was essential, he said, that Labour used its time in opposition to tackle some of the fundamental issues which had undermined previous incomes policies such as ensuring that wage restraint did not merely lead to higher dividends for shareholders.

In a lengthy speech in the Oxford Labour Club Dr. Owen floated a number of ideas for controlling wages, including a new "concentration" procedure in which the government would bring together unions and employers to agree a general guideline within which free collective bargaining could take place. He also stressed the need to bring together all the pay review bodies into a single comparability commission.

Dr. Owen acknowledged that there were those in both the Labour Party and the trade union movement who would oppose any attempt to revive discussion of an incomes policy. But as inflation gathered momentum, he said, the country would support any party which was seen to be tackling inflation.

The Labour Party and the trade unions must not allow themselves to drift apart. A Labour Government could only build a new policy with the support of the unions and "at a minimum the acquiescence of most employers."

The first major issue to be resolved, he said, was the extent to which any prices and incomes policy should contribute to a re-distribution of income. Previous incomes policies had tended to narrow differentials and there was a strong case for leaving redistribution to tax and social security policy.

"I believe we have expected the much more rigidly applied norms and not recognised that while a specific figure is necessary for the government to apply to its own employees, this does not apply to the private sector."

The private sector he suggested could be covered by a centrally agreed "target zone" which would allow collective bargaining to continue within certain parameters and would recognise the extent to which trade union structure had already become decentralised in private sector negotiations.

### COMPANY NOTICES

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## Labour launches petition on cuts

BY RICHARD EVANS, LOBBY EDITOR

THE LABOUR PARTY launched a petition yesterday against the Government's proposed public expenditure cuts, which will be presented to Mrs. Margaret Thatcher in June, following the anticipated collection of thousands of signatures.

Seen as part of an increasing campaign of protest, the petition deplores the Government's cuts in Social Services, housing, education and social benefits, and supports the view that public spending is vital to the nation's economic and social wellbeing.

The next aspect of the campaign comes in the Commons tomorrow when the Opposition will move a motion of no confidence in the Government's economic and industrial policies, including the planned cuts.

It was confirmed yesterday that the public expenditure White Paper for next year, and for the years up to 1984, could be published on Budget Day, March 26, although the timing has yet to be decided. The argument in favour of Budget publication is呈presentational, as it would mean combining both pieces of unpopular news on the same day.

## Ulster talks 'will produce agreement'

MR. HUMPHREY ATKINS, the Northern Ireland Secretary, said yesterday he is convinced the Ulster constitutional conference will reach "some level of agreement" on a future Government for Northern Ireland.

Whatever the three-parties meeting with Mr. Atkins decides will form the basis of the proposals the Government will put before the Commons.

Addressing members of Armagh District Council in Markethill, he dismissed the conference-knockers.

"It is clear to me that there will be a level of agreement between the participants on the matters being discussed," he said.

Of course, I cannot say how high that level of agreement will be and that is why the conference has a considerable amount of work ahead of it."

Mr. Atkins said the Government was determined to build on the agreement reached in the conference but there was no "cleverly contrived plan" sitting in the Government's cupboard waiting for the conference's conclusion.

"There will be continuing discussions with the participants at the conference and others in Northern Ireland so that at the end of this process we shall be able to bring before Parliament proposals for the future Government of the province."

Mr. Atkins said there had been scepticism at the outset about the possibility of success for the conference. The past

week had proved that no one taking part in the discussions wanted to see failure.

Some people might believe defeating terrorism was the greater and more urgent problem, he said.

"But terrorism is something with which we have had to deal for many years, which we are determined eventually to eliminate and which has nothing whatever to do with the people of Northern Ireland."

"We are engaged upon a genuine and determined effort to find a political way forward which will give the province hope for a more normal and more balanced society."

The parties taking part in the conference—the Rev. Ian Paisley's Democratic Unionist Party, the middle-of-the-road Alliance Party and the mainly-Catholic Social Democratic and Labour Party—have been remaining silent about conference discussions.

However, the rows outside the discussion chamber have suggested that the two factions are sticking to their past positions.

The conference resumes today with the Democratic Unionists putting their proposals for a new government.

The party bases its plan on a majority rule. Cabinet-style Government, but claims to have ideas for a meaningful role for the minority.

Mr. Paisley has said, however, that he will not tell the SDLP his plans for the minority until they have accepted the principle of majority rule.

Job creation optimism

BY OUR BELFAST CORRESPONDENT

THE ANNOUNCEMENT of

2,825 new jobs in Northern

Ireland so far this year was a significant achievement. Mr. Gil Shaw, the Parliamentary Under-Secretary responsible for industry in the province, said yesterday.

Because the province still

offers the highest industrial

incentive in the UK, it could

continue to attract mobile

investment from abroad, in spite

of the international economic

climate and fierce competition.

Mr. Shaw told businessmen in

Belfast through the trimming

of the 450 labour force at

Gobbin, the tea-making appli-

ance and vacuum cleaner manu-

facturer. It blamed falling sales

and said short-time working had

failed to reduce stocks

sufficiently.

A total of 4,600 jobs were

created last year and 5,800 in

1978. He said it was extremely

pessimistic to say the local

economy was in a severe

decline, with the implication

that recovery was impossible.

JEPY101020

## Thatcher supports steel ballot

BY JOHN HUNT, PARLIAMENTARY COR

## MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

# How to dispense with your personnel department

**IF YOU** are the personnel manager in a reasonably small company it might be worth your while going to some lengths to prevent your chief executive clapping eyes on this article.

For in the market town of Hinckley in Leicestershire is a fast growing company which might take away a personnel manager's livelihood. "Companies don't need personnel departments—they just have them as status symbols," argues Dennis Hunt, the chairman and founder of IRPC. He thinks companies should sub-contract the personnel function out...

Industrial Relations and Personnel Consultants defuse a conventional label as it combines consultancy with insurance. At a push it might be described as being to the industrial relations of small companies what the AA is to motoring.

Its main activity is installing into companies complete "personnel systems" which provide—in the form of updatable loose leaf folders—idiot-proof guides on all aspects of personnel. The systems can be implemented by non-specialist staff.

They include information on how to recruit—complete with model letters to write saying yes or no to applicants—on contracts, disciplinary procedures, redundancies and so on including yes/no flow charts on dismissal procedures.

This last looks as though it would be very useful in preventing a company landing in an industrial tribunal through sheer ignorance of normal practice and the rights accorded employees in industrial legislation. And according to Hunt such ignorance is rife in medium and small sized companies.

Once the system is installed IRPC provides a 24 hour telephone advisory service. Any company employing its systems can seek free advice from one of IRPC's consultants at any time of day or night, on any industrial relations problem. As Hunt points out, some of the biggest mistakes can be made on the night shift or at weekends.

As a backstop there is an insurance policy which covers the firm for any legal expenses or awards which may be made against any client company when an employment case is taken against it. Although a

number of companies provide insurance for legal expenses IRPC claims to be the only one which first provides the system and the help which, ideally, prevents a company doing something which lands it in the industrial tribunal in the first place.

IRPC argues that a company with, say, 350 employees would have a personnel department of one manager and a secretary with a budget of between £15 and £20,000. "For that," says Martin Lewis, managing director of IRPC, "they are probably getting a pretty mediocre service. That person is going to have to take a total responsibility for personnel, industrial relations, training and health and safety."

He contrasts that with the fact that IRPC has its own specialist expertise in each field and that it is available 24 hours a day every day of the year—unlike most personnel managers. Furthermore, it is cheaper.

## Tailored

A company with 350 employees (large by IRPC's standards) and a wage bill of around £1.4m would pay £850 for the system to be installed and an annual premium of £1,650. For that they would get an individually tailored personnel system—the tailoring is done from a questionnaire sent by post. Included in that is the advice service and the insurance for any industrial claim (not to cover industrial action, of course).

A number of companies which come to IRPC do so because they actually have a problem on their hands—that is they are being taken to a tribunal or are frightened their staff are going to seek union recognition.

About thirty per cent of the company's present turnover of about £1m comes from "fire-fighting" tribunal representation and general consulting. The bulk of its sales come from the personnel systems—about 65 per cent; the remainder comes from straightforward consultancy work and a recently introduced health and safety system which although it includes an audit of the premises, works on similar lines to the personnel one.

Both Hunt and Lewis are careful to say that IRPC is not an anti-trade union organisation—although some trade unions

think they are. But Hunt says he has refused to work for a couple of companies which were vehemently anti-union beyond sense.

Nevertheless IRPC will help a company install a proper personnel system with proper disciplinary and consultation procedures to help it outflank a union trying to move in on a company. Hunt adds that it will act on behalf of an individual, who for instance, has been sacked, against an employer, providing the employer is not a client.

Hunt himself quit a senior personnel job at British Leyland back in 1976 because he was "intensely frustrated at the pseudo-bureaucracy." He set up his own personnel service at a time when he realised companies were having great difficulty digesting a spate of employment legislation. Today IRPC employs 70 people.

The company has recently expanded its insurance to cover the legal costs and expenses of all criminal prosecutions, with the exception of those involved with motororing taken against the company.

Although IRPC has several competitors in the fast growing legal expenses insurance business it is different in that it is first a consultancy backed by an insurance service, whereas the others start from an insurance base.

Although it offers its services to trade associations—for instance it covers the 2,500 flower shops in Interflora—Hunt is not worried that the advice service will become overburdened.

Although some people phone every week, others only do so occasionally when something blows up. The likely demand on the telephone service is calculated in much the same way as insurance risks are.

Ambitious plans for expansion include a training centre at a country retreat—where client companies can send managers for training in industrial relations, or use it for in-house training if they wish. IRPC also has plans to extend its insurance activities.

As long as it does not over-expend itself, it would appear to be in a strong position in a large market—a large number of small companies are far from expert on employment legislation and would be reassured by the assistance and insurance from IRPC.

Jason Crisp

# Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## METALWORKING

### Quicker check on dimensions

TIME SPENT on diesel engine crankshaft inspection at R. A. Lister's Dursley (Glos) works has been more than halved by the use of a Mini-Cbeck 3-axes electronic measuring machine. The machine is mounted on a 6 ft x 4 ft table together with a fixed centre and dividing head, and a set of V blocks on which the crankshafts are spun for inspection.

Accuracy, as well as the speed of the operation is increased, and a digital readout makes it easy for inspectors to use. A height measuring unit operating in the vertical (z) axis, coupled with a "T" shaped slide and guide bar assembly is mounted on the granite table to provide accurately controlled movements in the x and y axes. These are equipped with Inductosyn solid state measuring elements feeding positional information to individual digital readout displays.

Features include lock and micrometer fine adjustment, dual inch/metric selection, infinite datum shift and data insert facilities. An air bearing base on the z axis provides easy movement round the table. Similar equipment at the

Thrupp works at Stroud (Glos) is used to inspect crankcases and fan shrouds as well as crankshafts for small diesels. The Dursley set-up deals with crankshafts for diesel generating sets and automotive applications. The equipment is supplied by LK Measurement and Control Systems, East Midlands Airport, Castle Donington, Derby.

PETER CARTWRIGHT

## HANDLING

### Carriage of chemicals

DESIGNED FOR easy filling, with a choice of discharge methods is a one-trip polythene container which is mounted in a half-wall wooden case with pallet base and is said to be particularly suitable for the transport of a wide range of chemicals.

This bulk container has a capacity of 1,145 litres and is called the Econotank, and is available from PD (Technical Mouldings), Rotation House, 20 Mayday Road, Thornton Heath, Surrey (01-689 4336).

**Look over St. Paul's and enjoy a heavenly sole.**

At the top of the Post Office Tower is London's highest, and only revolving restaurant—topofthetower. Open seven days a week for lunch and dinner.

Experience excellent food, superb wines, first class service and London's most breathtaking view. A spectacular venue for business or pleasure—it may cost you less than you think—the three course table d'hote lunch with coffee is £8.90 including VAT, lift and cover.

Come and see what we mean by haute cuisine.

**topofthetower restaurant**

Post Office Tower, Maple Street, London W1 Tel: 01-636 3000.

3 course lunch  
at only £8.90

## PROCESSING

### Solution to rising price of gold

ACCORDING TO the Balco Group, the escalating price of gold means that the cost of the solution used in gold plating is likely to exceed the cost of the equipment necessary for processing.

The company, which has considerable experience in reducing the size of electroplating systems for the jewellery industry, has consequently developed the PC Microplate which gold plates printed circuit board edge connectors on double-sided boards up to 355 mm long using only three litres of gold solution.

Boards are horizontally agitated on an oblong section PVC rod and current is supplied from a built-in fully variable DC power source. Connection to the boards is by means of a plug-in flying lead arrangement to ensure good electrical contact. An ammeter is provided and heating is by a thermostatically controlled indirect heater permitting use of the full tank.

Anodes provided are platinum coated titanium and the unit measures 630 x 200 x 190 mm.

More from the company at 53, Hyton Street, Hockley, Birmingham B18 6HJ (021-554 1026).

## WELDING

### Flux cuts costs

ACCORDING to BOC Murex, costs can be cut by up to 15 per cent in AC and DC single or multi-wire submerged arc welding using an agglomerated flux called Satinarc BX5.

Applicable to a wide range of mild and medium tensile steels, the flux is the result of considerable development work aimed at producing an agglomerated material with mechanical properties equal to those of many higher grade, higher cost products. Usage rate of the flux is low, slag is self-releasing and high welding speeds can be obtained giving the company claims, significant reduction in materials costs and operator times.

Satinarc BX5 has a high resistance to weld cracking, producing weld metal of exceptional quality, even when used on dirty or scaled plate. It has been approved to grade two or three by Lloyds and other leading authorities when used with Bostrad SI wire.

BOC Murex is at Hertford Road, Waltham Cross, Herts EN8 7RP (Lea Valley 71000).



A good idea for noisy factories is exemplified by this portable "quiet room" in which staff can relax during break periods. It is supplied by Tandem Acoustical Engineering, 155 Crawford Road, Crawley, Kent, and this one has been installed in a Kent paper mill. The unit is air conditioned, has double glazing and roof lugs for lifting. It can also be moved by a fork lift truck.

## MATERIALS

### Keeps the parts in place

THE SOLDERING of connections on a circuit board or repairs to tiny mechanisms which could slip away on a working area, are made easier and more manageable with the use of an antislip material used as a surface on a workbench.

This material is produced by Spirig of Switzerland and known as StopSlip elastomer. It is available in flexible mats in two thicknesses—1 mm and 2 mm—and any desired dimension up to one metre square.

Thinners mat can be ordered in roll lengths and is coloured deep blue, while the 2 mm ones are available in three extra colours—green, red and yellow. A piece of the material can

## INSTRUMENTS

### Hydrocarbon analyser

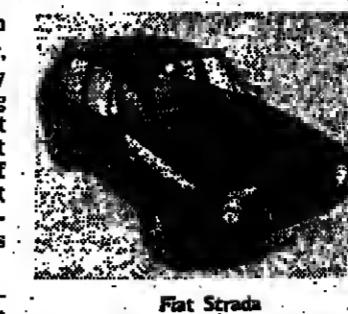
LIKE THE U.S., many countries will in due course very probably introduce legislation regulating the emission of unburned hydrocarbons from engines. Meeting the measurement need is Analysis Automation of Oxford which has introduced the model 523/II analyser.

This instrument uses the established flame ionisation method which gives excellent sensitivity for hydrocarbons, together with fast response and high accuracy.

All the sample components of the instrument are temperature

# A lighter shade of pink

Rupert Cornwell reports on the unexpected results of a survey of Fiat's workforce



Fiat Strada

per cent, those who echoed the current union platform of greater variety and less repetition in their work.

Moreover—although the party pointed out that most of the respondents were of middle age, rather than very young or very old—exactly three-quarters of them declared that their present job was fairly good, good or even very good.

A surprisingly large number considered that co-operation between management and shopfloor was necessary, in the interests of everyone. The vast majority stoutly believed that Fiat was still fully competitive with its foreign rivals. Those who did not divide the blame equally between management and unions and workers on the other.

The answers given by almost 6,500 men (a cross-section of the workforce at Fiat's Turin plants) to a detailed questionnaire circulated by the local Communist Party present a very different picture.

Asked what was most important to them in their jobs, 36.5

per cent replied a satisfactory pay packet. Next came the 31

per cent who demanded a safe

and healthy work environment

and well behind, with just 15

to a strike call to protest against the dismissals. A quarter professed no interest in the affair, and almost a further third believed that the company was justifiably ridding itself of troublemakers.

Half the sample said they did not belong to any union and only 32 per cent avowed to having always taken part in industrial action called by the unions.

Moreover, 40 per cent declared the national contract negotiated by the unions and finally agreed last year to be "unsatisfactory," while the country where workers were considered to have more influence than in Italy was most widely held to be West Germany.

The results of the survey so far are enough to arouse suspicion that union complaints of losing control of the rank-and-file may reflect too little moderation rather than too much.

It would appear that all connected with company pensions—employers, trade unions, administrators and consultants have agreed that pension protection, just as there is a statutory redundancy fund.

The second case history concerns the fate of the wife of an employee. He died 20 days after being made redundant. But there was no death in service lump sum benefit paid as he had technically left the pension scheme.

A pension is a deferred benefit provided by the scheme. But the lump sum payment is an immediate payment should death occur. People being made redundant can afford to wait while their pension rights are sorted out. But the death cover needs to be continued for the period until the employee can get another job and renew cover through the new company's scheme.

There is no reason why the scheme rules should not be amended so that death cover continues for a certain period after the employee is made redundant or until he gets cover from another scheme. The Revenue would most likely allow the cost to the employer. Or the redundant employees might be covered under a special scheme just for them.

Eric Short

## DATA PROCESSING

### Aids home seekers

THE NEW generation low cost microcomputer systems have created possibilities with information processing that previously could only be realised by large and expensive computers.

Today cheap commercial packages, priced between £95 and £500 are available for a range of applications, varying from mathematical modelling to word processing. In the UK there is a growing business developing software for small computer systems from the U.S. and Japan.

One such software package for estate agents has just been released by Personal Computers, the specialist systems supplier of Apple and Sharp microcomputer systems. Priced at £500 for the software (£2,000 for hardware), the system is called "Homefinder" and has been designed for agents that have up to 800 properties and 800 customers on file.

There is also a small hand-held terminal device that allows customers to interrogate selected files, and establish the addresses of properties meeting with certain requirements such as size, price, number of rooms and geographical area. Details of the latest mortgage rates and repayment conditions can also be produced.

Software aids networking

A NUMBER of new software items have been announced by Digital Equipment Company which will enhance data communications for PDP 11 users on operating systems.

Phase 3 network software for PDP-11 machines using RSX-11 operating systems.

It follows the original Phase 1 introduction of 1976 which allowed the establishment of basic physical and logical links for network operation, and Phase 2 in 1978 which added capabilities such as inter-system file transfer and access to remote resources such as mass storage devices.

Phase 3 includes, for example,

adaptive path routing which allows one DECnet node to send messages to another through intermediate nodes, providing automotive re-routing in order to by-pass inoperative lines or systems.

A further addition is multi-point communications whereby several computers share a single communications line and channel their messages through a central station or master system.

Also newly available are network command terminals, giving a user at one node direct access to any other node using the same operating system. In addition, new network management software permits either centralised or fully distributed control and tuning of network operation for maximum efficiency.

A separate introduction is the RSX-11M/SNA Protocol Emulator. This enables a PDP-11 using the RSX-11M operating system to carry on as many as

four levels of service facility: a personally styled video publicity programme, a customer self-service property inquiry facility, a managerial inquiry service and a customer mailing list module.

The publicity capability allows the estate agent to display, via a colour video monitor, an individually styled publicity program, with 25 messages detailing star properties. The visual display can, if necessary provide a low cost advertising display capable of running 24 hours a day.

There is also a small hand-held terminal device that allows customers to interrogate selected files, and establish the addresses of properties meeting with certain requirements such as size, price, number of rooms and geographical area. Details of the latest mortgage rates and repayment conditions can also be produced.

Software aids networking

&lt;p

JULY 10 1980

# If the tyre industry's ever going to beat its problems, the first thing it needs is a better tyre.

If you listened to the prophets of doom, you'd think it was all up with the tyre industry.

There's overcapacity, they tell you. The market's been ruined by cheap imports.

And, to finish things off, the main product – the steel-braced radial – lasts too long.

We'd say two things on all this at Firestone.

First, a strong industry needs strong products.

People who know how to make tyres have to keep on improving them, to give the customers a reason to buy, and our colleagues in the trade a benefit to sell.

Next, we've got to let everyone in on what we're doing.

When a customer walks into a shop or garage, he's concerned with his problems, not ours.

From a tyre, he wants value for money. He

wants a comfortable ride. And, above all, he wants safety.

Now, as ever, the secret of success is to show him a name that *he knows* offers more than the others.

That's how we developed the Firestone S-211.

Our researchers and designers weren't asked to worry about East European imports.

They were asked to produce a tyre that would out-perform the best tyres on the market.

The Goodyear Grand Prix S. The Michelin XZX.

The Pirelli P3. The Dunlop SP4.

Among other advantages, they gave the Firestone S-211 straighter sidewalls, and a special tread profile that makes a unique oval footprint.

This design makes for outstanding handling, and lighter, more positive steering.

It gives the Firestone S-211 greater strength and durability at high speeds.

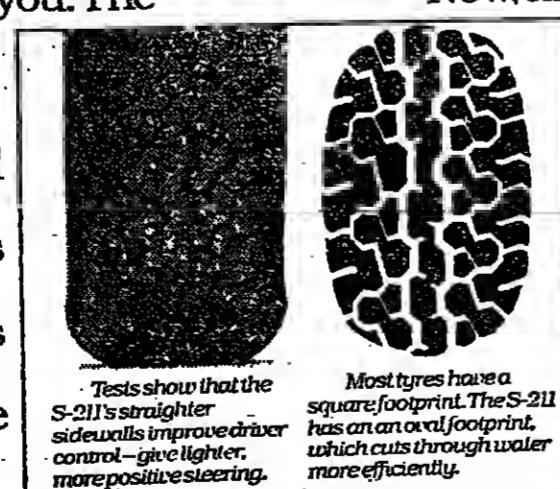
In the greatest killer of all, water, it puts the S-211 in a class by itself. Our own – and independent – tests show that the S-211 is still gripping in conditions where the competition is aquaplaning.

"Until one of the other major companies comes out with its new radial," summed up Frank Page in *The Observer*, "the S-211 series is setting the standard."

We're running our biggest advertising campaign ever to give motorists these facts. They need to know them even more than the tyre industry.

A better tyre is our living. But it's their lives.

## Firestone S-211 Steel Radial



# Misunderstood monetarism

BY PETER RIDDELL

**MONETARISM** is the most misunderstood word in the current political and economic vocabulary—abused by over-zealous supporters and critics alike. It has now become a catch-all for a whole range of policies and attitudes which stretch well beyond the belief that the rate of growth of the money supply is the crucial influence on the trend of inflation over the medium term.

## Equality

Some of the critics use monetarism as virtually a synonym for the worst excesses of Victorian capitalism. This applies not only to the far-left but also to many in the centre/right of the Labour Party who have forgotten—or opportunistically chosen to ignore—that a monetary target was first introduced and given prominence by a Labour Chancellor. Indeed there is a tendency among economists who openly profess to be Labour supporters (whether traditional neo-Keynesians or new Cambridge protectionists) to erect a social and professional barrier against those who regard monetary policy as important. This is all very different from the 1930s when, as Philip Williams' biography of Hugh Gaitskell points out, there was considerable discussion about monetary policy among Labour intellectuals (and future ministers) of the day.

A belief in the importance of monetary policy is not incompatible with such social democratic objectives as equality of opportunity. Similarly, an emphasis on the need to restrain monetary growth—and to limit public sector borrowing—has no direct implications for the level and structure of taxation and public spending, as opposed to the gap between them.

Monetarism also suffers the opposite fate of being over-promoted by its supporters. Although the theme "monetarism is not enough" has become almost a cliché in ministerial speeches, the impression has been given that the Government is relying almost exclusively on monetary policy to achieve its goals. Fairly or unfairly ministers

have seemed to be adopting a "take-it-or-leave-it attitude" as if saying that there is no alternative to the present strategy of monetary restraint is sufficient. Some ministers appear to forget that they are politicians whose task is to win support from people who need to be reassured about the threat of unpleasant structural change. Arguments about monetarism also tend to be confused with the separate issue of the application of market disciplines to economic and industrial life.

Even on its own terms there is a danger of monetary policy being over-sold. A striking example occurred earlier this month when, in reply to Commons questions about the growth of bank lending, the Prime Minister said the proposed monetary base method of controlling the money supply "would be very much fiercer than anything we have at present." There were noticeable twitches from the Treasury and the Bank of England since the endlessly retracted document on this issue will offer primarily technical improvements. Mrs. Thatcher cannot be expected to be well-informed on all the details of monetary policy but she should not exaggerate the likely impact of any changes. The present danger is the rather different one of whether Mrs. Thatcher and her ministers are prepared to face up to the implications of what their existing monetary commitments could mean for the level of interest rates.

## Framework

The overall problem is how to take the "ism" out of monetarism. A more restrained approach was suggested in a speech last week by Mr. Gordon Richardson, the Governor of the Bank. He stressed the continuity of monetary objectives under administrations of both parties and the need to recognise that monetary policy, while central to the fight against inflation, could only provide the framework for economic strategy generally. The size of the public sector, problems of industrial and regional change and the structure of taxation are all important issues but they are not the same as achieving the right monetary policy—a difficult enough job in itself.

# What Darwin learnt from dahlias

**YOU ALL** know the florist's slogan: "Say it with flowers!" There are flowers for friends and for Granny, with a smile to say that some poor soul remembered. Less is said about flowers, which cause arguments. I have fallen out with friends over quite a few flowers, over my taste for red hot pokers and their taste for beathers and small conifers. Pokers, or Kniphofia, can raise the temperature, but nothing is so disagreeable as my taste, which is for dahlias.

## Dusk setting

There is a rarefied level of taste in flowers which glides from one green lily to the next, admires off-white and acid yellow and thinks that a planting should be planned in pastel colours only. Grey leaves are in, nasturtiums are out. Dahlias are the bane for these gardens, when the sky sets of the pallid colour of the old-fashioned roses. Dahlias, bare, are a gross affront, a subject not fit to be seen near the Arts Page.

This week, I find myself with the spring lists of new dahlias, warm weather for my old stock in the garden shed and a sense that growers of dahlias ought to begin to stir themselves. Pale and wan taste is welcome to its own green sickness. I like the

history of the dahlia, its freedom of flower and some, at least of its infinite varieties. Now is the season to pot up old tubers by pressing them into a good fibrous soil. Do not bury them as their colours may rot if made too wet too soon. The soil, in fact, need hardly be watered. It is best when almost dry until the old tubers are alive with their green young growth. You can split up old tubers, of course, into many more. The tubers remind me of those Shakespearean plants called dead men's fingers which others knew by grosser names. Shakespeare's age could not have known the dahlia. Its history began elsewhere.

The dahlia, remarkably, began in Mexico. The Spaniards first saw it among the Aztecs and described it for us. They knew it by its native name which meant "water pipe," referring to the hollowness of the stems, a curiosity which is known to every dead-head in late summer. So far as I know, it was left to its own devices in Mexico until the late 18th century, when tubers of a wild purple-pink variety reached the Escorial's royal gardens in Madrid. It is said that they were declared strictly private with the inevitable result that somebody persuaded the head gardener into giving him a few spare tubers. The friend passed them on to another friend, who

passed them to the Jardin des Plantes in Paris. They were said to be so rare and regal that the French put them straight into the hothouse, whereupon they died. Tubers also reached England and met with the same fate.

The dahlia's tale, then, points a moral for people who steal pieces of rare plants from public gardens. Usually, they choose plants which they cannot grow elsewhere. The dahlia, however, did not stop at that point.

## GARDENS TODAY

BY ROBIN LANE FOX

In 1804, seeds were sent home to Berlin from dahlias in the Mexican wilds. Seeds had also reached a private lady in England. Both made a go of them and started a split over its name. The English followed tradition and called it dahlia after a Swedish botanist, pupil of the great Linnaeus. We all mispronounce the name which ought to rhyme with "Italy" not with "failure". The Germans called it Georgia after a Russian botanist and bred so many variations at such speed that their name, too, became widely known.

The development of the dahlia soon impressed philosophers, a

group not much noted for an interest in flowers. The change in the dahlia was extraordinary quick. By the 1820s, there were already 60 varieties in England, all bred from one species. By the 1850s, there were no fewer than 1,200. The growth of the dahlia was used against the arguments of Rousseau: how could nature be the ideal standard, as he said, if nature's dahlias had been improved elsewhere? The dahlia, however, did not stop at that point.

The dahlia's tale, then, points a moral for people who steal pieces of rare plants from public gardens. Usually, they choose plants which they cannot grow elsewhere. The dahlia, however, did not stop at that point.

Nowadays, taste is less certain. There are those who feel that the new flood of dahlias is monotonous and that their flowers have become too vulgar. I disagree. As cut flowers they are all handsome, even the rose-pink decorative variety. For the rest there are so many variations that it is absurd to look

down on them because mature pom-poms and orange decorations are fit only for village flower-shows.

The collarette varieties are worth anybody's money. They are three feet high, excellent as bedding plants, semi-double and prettily coloured. The centres of the flower have a ring of petals whose colour contrasts with the outer ray. Too few forms have been selected for sale separately, so you may have to put up with a mixed bunch. If possible, buy the dark breed with a light yellow collar in its centre and mass it as a summer bedding plant. Twenty tubers go a long way, giving colours which are not to be found together in any other family. It is time we tried a tall white called Polar Star which will reach four feet and is a match for any elegant border plant in late autumn. These dahlias have the merit of height. Any primrose-yellow form is a good companion, but try to avoid varieties with stiff flowers.

Dahlias, in short, are desirable anywhere if you avoid flowers which are too heavy and over-bred. The next week or so is the proper time to order dry tubers from a good bulb merchant. They are not to everybody's taste, but I cannot regret the efforts which have changed these flowers so remarkably since their days in the Mexican plains.

## Insignificant

Avoid the new small Topmix varieties which, in my opinion, are too insignificant to be worthwhile. The anemone-flowered varieties are better. They won me round last year in a dahlia trial and then in a neat front garden on the South Coast. They have a heavy central boss of petals which fills out their

## Bookmakers in levy agreement

**AN AGREEMENT** between the Levy Board and the four major bookmaking companies—Corals, Hills, Ladbrokes and Mecca—means that, on present estimates, the Board will not have to borrow any money during 1980-81.

The four companies have agreed to pay their 19th levy in 12-monthly instalments beginning on April 1, and the

## RACING

BY DOMINIC WIGAN

balance of the 18th levy liability before the end of May—in advance of a formal assessment.

Since the change in the basis of assessment from preceding to current years' turnover, bookmakers cannot be required to pay their levy until the end of the levy year, when

the final turnover is known. Although the big four, and a number of other bookmakers, are already making advance payments on a voluntary basis, legislation—supported by the board, the bookmakers' committee and the Home Office—should shortly be introduced to make advance payments statutory rather than voluntary for all bookmakers.

A year ago Jonjo O'Neill, bidding vainly to retrieve ground lost through injury in the championship race, pulled back a winner on John Francome through Stay Quiet in Wetherby's Mickelthwaite Hurdle. This afternoon O'Neill, virtually injury free this season—can take the same race through Grecian Fighter.

This chestnut son of Fighting Ship was one of the most deserving winners of the campaign to date at Carlisle, last time out, for in his 16 races leading up to that victory he

had made the frame on 11 occasions without reaching the winner's enclosure.

Despite a 5 lb penalty incurred through that hard-fought win, Grecian Fighter again seems sure to give his backers a fine run for their money. Anonimil ran well enough when third in the Golden Miller Pattern Hurdle at Leicester to suggest that he will land the closing event. Down at Lingfield I shall not be surprised to see Venture To Cognac outpaced by Starlight Lad in the Surrey Novices Chase.

## WETHERBY

1.45—Falkely  
2.15—Fair Rambler  
2.45—Grecian Fighter\*  
3.15—Arctic Ander  
3.45—Jonathan's Choice  
4.15—Anonimil\*\*  
**LINGFIELD**  
2.00—Haywire  
2.30—Ballytarlar  
3.00—Starlight Lad\*\*

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2.30—Ballytarlar  
3.00—Starlight Lad\*\*

made the frame on 11 occasions without reaching the winner's enclosure.

&lt;p

## Radio 3

## Edith Vogel

Edith Vogel is one of the least well-known, perhaps because she has always been also one of the least career-minded, British pianists of the first rank (she is Austrian by birth, but England, for 42 years her home, can justly claim her as its own). She recorded little, and opportunities to hear her play have not been frequent: until Monday I had known only her name, and that spoken rarely by small but ardent group of admirers. They did not exagerate. Miss Vogel gave just one work, Beethoven's Hammerklavier sonata, at her BBC lunchtime recital at St. John's, Smith Square; and even played as it was in less than ideal conditions, on an instrument not of her choosing: it was a performance in a thousand.

It was a Hammerklavier of the very greatest clarity, devotion and authority—grandly and securely made, drawn with a marvellous sense of sonority and balance of voices. There was hardly a weak link in it—a single stray bar in the fugue, brilliantly concealed: the performance was otherwise unfaltering in its command. The view

DOMINIC GILL

## Elizabeth Hall

## Leipzig Bach

The Leipzig Bach Orchestra can trace its ancestry back into Bach's own lifetime and plays accordingly with a naturalness and intimacy that would never impose an interpretive design upon the listener. In the best sense of the word—and a Bachian sense—they are workmanly, conveying unaffected pleasure in the sheer business of making Bach's music move along its elegant, burrying way. Since the essence of baroque style is continuity itself, the approach was perfectly satisfying.

The all-Bach programme began with the Suite No. 1 in C, leader Gerhard Bosse choosing to conduct the Overture with his hands—wildly gesticulative—rather than from the fiddle as throughout the remainder of the concert. He did ensure, however, a mellow, even brooding account of the music. The dance movements followed with an élan so responsive to the various changes of rhythm as to make one think afresh how marvellous this formal conception can be. In the Harpsichord Concerto No. 1 (D minor) that came next, the buoyant outer declamatory movements benefited in the same way, (though the soloist should have been more forward in the opening one). But some

PAUL DRIVER

## Wigmore Hall

## Csaba Onczay

It's a brave, confident cellist who chooses to make his London debut without the comforting presence of an accompanying pianist and in three of the most demanding works of the solo cellist's repertory, Csaba Onczay is now 33, born in Budapest and a product of the Liszt Academy there, and the Moscow Conservatory: in 1974 he won the Casals International Competition. His programme of Bach and Kodaly at the Wigmore Hall on Monday night, was almost entirely triumphant. He is a fully mature, commanding artist; more's the pity that we have had to wait until now to bear him.

The pair of Bach cello suites he selected were the C major and D major. Both outlines and a hefty, virile tone carried Mr. Onczay through almost all the pitfalls. The prelude of the D major could not quite maintain the surging momentum with which it began. A string tone in extremis tended to a whine, rhythmic niceties and ornaments were sometimes sacrificed to line and expres-

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41 East 42nd Street, New York, NY 10017, 212-867-2700  
NEW YORK, WASHINGTON, LOS ANGELES, BRUSSELS.Dominic Letts and Renu Setna  
Leonard Burt

## Young Vic

## Trial Run

by MICHAEL COVENY

In his powerful *Class Enemy*, Nigel Williams introduced a bunch of abandoned schoolboys imposing their own hierarchical system on an anarchic classroom. His new play follows a similar format, only this time we are in a Woolworth's basement where a couple of thuggish Asians are pinning a group of hostages to the packing cases prior to reconstituting a code of justice. The group comprises two shop girls, a feckless security guard and a reasonable, even sympathetic student. Each hostage is allowed his say, although, just as Irm ran Clos Eremo, so the articulate, elder Indian, Renu, controls the debate despite angry outbursts from his colleagues.

Although Renu employs irony as his chief weapon—he woots, he says, to keep Pontooville while—and dismisses the claims to ignorance of the shop girls and the security guard as a symptom of an unjust society, you nonetheless feel that everyone in the room is really on the same side. Certainly there is little in the evening to convey what it must actually feel like to be held at gunpoint for hours on end. Does no-one want to go to the toilet?

The best bits of the play concentrate on the fall-out between the two aggressors, strongly played by the tanning, dapper Renu Setna and the lean-featured Art Malik (who sprays the stage with a nervous energy that does not always supply); and on the comic gaucherie speeches, such as the one about heavily armoured Special Patrol officers jumping a suspect in a remote dingy nook. At the end, before the inevitable shoot-out, Kim Clifford scores as a suddenly pert denizen of the shap floor who just does not want to know.

Nicolas Kent's production for the Oxford Playhouse Company does not give off heat sufficient to disguise the script's implausibilities. Why, for instance, have these two Indians, long after the events of Southall, descended on a Hounslow shop? The girls are sad to work on the tightrope, but it is years since Woolworth's bad staff serving on

specific counters: you help yourself and check in at a cash desk. The student seems to be a figure of fun, with his soft talk of wanting to understand, but is soon saddled with a predictable speech on the rationale of terrorism activity. If Renu is not, after all, a learned graduate of the LSE, we are still in believe that his wife and children are locked up by immigration officers at Heathrow?

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## Lyric Studio, Hammersmith

## Doctor Faustus

Marlowe's *Faustus* is a difficult play combining a true philosophy with a curiously naive idea of what can be done with power when you bare it. It is immensely exciting up to the visit of Lucifer to Faustus's chamber. But when Faustus's more elaborate requirements are met, in Rome, at the Emperor's court and so on, the play can seem childish.

This excellent production under Christopher Fettes is set in a mood that integrates the serious concern with sin and damnation and the simplicity of the central scenes, and so the central scenes retain something of the serious character of the beginning and end. There are comic touches even in the most earnest moments, and they work

The small, all-male cast conjure up the pictures by their admirable speaking of Marlowe's splendid poetry. They are helped by endless ingenious ideas. The good and evil angels (John Sommerville and Simon Cutler) are fellow-students at the table with Faustus, and their voices seem like disembodied thoughts in his head. When the boy Robin (Mr. Cutler again) tries his hand at magic, there is a sound of off-stage weeping.

The two main parts are splendidly played. James Aubrey is a romantic young Faustus, curly-haired and dark-headed, and though at his heights he never shows quite the arrogance that Faustus's deeds suggest, he is excellent in the early parts and superb in the marvellous final scene. Mephistophilis is Patrick Magee, his deep vibrant voice emerging with gentle intranquillity from the dignified figure of a grey-haired old friar.

Other parts are shared by Gary Cooper, Roger Frost, James Griffin and those I have named already. They all wear long black Wittgenstein students' coats, but Faustus has modern clothes underneath, and there are various suggestions that the play is taking place as much in our time as in any other. Only one of them displeased me, the recorded astronauts' voices that sound over, and spoil, the magical final lines.

## THE ARTS

## Television

## Anything for a laugh

by CHRIS DUNKLEY

British television comedy and light entertainment has slid into one of its troughs. Perhaps we shall have another batch of *No. Nine O'Clock News* soon. Maybe Clemeant and le Freuds will come back with something as funny as *Porridge*. After their sensibly extended absence from the box, *The Two Ronnies* might return with fresh ideas to replace their successful but lately repetitive formula.

Meanwhile, though, if relaxation and a laugh is what you want from television, you will have to endure material which is in most instances markedly second rate and occasionally utter dross. In the particular case of *Rushout's Illustrated*, the only decent thing to do is say just once that it is a disaster which should never have got as far as the public screen and should never have got as far as twice their optimum length.

*The Morecambe And Wise Show*, *Watching the Jim Davidson Show* you recall how Eric Morecambe sometimes laughs at his own jokes, but always in a mannered and self-mocking way, never in an overt attempt like Davidson's to orchestrate the audience. It's all right sir, remain seated, the word was orchestra.

*Lennie and Jerry*, who start a new series on BBC 1 tomorrow night, are among the leading contenders for the vacan title (which, incidentally, can only be considered vacant if you categorise *The Two Ronnies* as slightly different from stand-up comedians—sit-down comedians, perhaps). *Bill Lenni and Jerry* do not complement one another with the knife-and-fork neatness of Morecambe and Wise.

*Watching Little And Large* on BBC 1, you remember how polished the writing was on the *Bl* and *W* Show even for the most straightforward patter, and once again you recall the seamless unity of their double act. With *Little and Large* the impression of an old fashioned stooge act is not only unavoidable, it is positively emphasised.

The best thing about Saturday's *Two Ronnies* is that the set has been jazzed up with one of those fairground lighting effects so beloved of Light Entertainment designers, and guests are expected to be funny. Alfred Marks certainly was.

Which is more than can be said for most of the situation comedies around always excepting *Sally* which is still leaving all British efforts standing, and *M.A.S.H.* which even in its doziest manages to provide half

a dozen lines every week, usually for Klinger, the malingerer transvestite, that make the home product sound like edited versions of *The Acme Book Of Party Quips*. The trouble is that nobody in Britain appears to be even trying to break away from the seductively over reactionary orthodoxy of the seventies in which all men are scatty, effeminate and impotent and all women brainy, dominant and sexually dissatisfied.

In Terence Brady and Charlotte Bingham's *Pig In The Middle* which is, by virtue of a wide margin, the best of the hot lot which started this season, the soppily male is named Barry and is played by Dinsdale Landen in the gormless persona he developed for *Dervla*. The female virtues are split between two women: Barry's wife who contributes the brains and the dominance, and his mistress who can't entice Barry into bed even by dressing up as a rather fetching way "in dung in a bucket" in a rather . . . never mind.

*Brian Cooke's Keep It In The Middle* pushes the equation even further. The diminutive paterfamilias, earning his living drawing strip cartoons of cuddly animals, is perpetually outsmarted not by one, not by two, but by three women: his wife and two teenage daughters. In *Witch's Brew*, Liza Goddard (most confusingly Barry's mistress) has to keep on demonstrating her mental, professional, and sexual superiority not only to her husband who works in the same advertising office, but also to her fat, silly, short-sighted boss—male, of course.

At present there seem to be just two gleams of light. Yes *Minister* which started on Monday did not actually knock its target for in the first episode—and since its target is the double barre door of politicians and civil servants, it might have done—but it did show rare promise of wit and even subtlety. Moreover, the content suggested that its authors, Antony Jay and the industrious Jonathan Lynn, might actually have glued it to *The Crossman Diaries* before starting to write. Naturally it is on BBC2. And the best news is that the last part of *The Fall And Rise Of Reginald Perrin* starts on BBC1 on Friday. Burp. That is a repeat of course.

## ENO's new season

A new opera, *Arte Forzata* by Iain Hamilton, is one of the highlights of the 1980-81 season at the Coliseum, which was revealed yesterday. In all there will be six new productions and *Viva Marcello*, with Lois McDonnell in the title role, will be the last opening on May 7, 1981.

Earlier, on September 24, there will be the first new production for 20 years of *Cost Fan Tula*. Then comes *Armida* by Strenski; *Boris Godunov* by Mussorgsky; *Roméo et Juliette* by Gounod; and, with a premiere on February 11, 1981, *Delius' Roméo*, conducted by Sir Charles Groves.

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are more than mere sideshows: they are made to illustrate the thoughts of those that watch them, and when at the play's end the devils come, who should they be but Helen, Alexander and the rest.

Despite the few resources available in this little theatre, I liked the production more than any I have seen before. It is set in a room containing only a long table with chairs and forms around it, with an inner stage covered by a transparent traverse where other-worldly scenes may be disclosed.

The small, all-male cast conjure up the pictures by their admirable speaking of Marlowe's splendid poetry. They are helped by endless ingenious ideas. The good and evil angels (John Sommerville and Simon Cutler) are fellow-students at the table with Faustus, and their voices seem like disembodied thoughts in his head. When the boy Robin (Mr. Cutler again) tries his hand at magic, there is a sound of off-stage weeping.

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well; for instance, when Mephistophilis first appears (as a Devil) he wears a funny hat and is accompanied by the music of the Golden Cat song from Gounod's opera.

So later, when the Pope appears in the person of David Rappaport, an actor some 3 ft tall, the joke is out a new element. Helen and Alexander

From London to	Leave	Arrive	Notes
New York	1100	1335	
	1400	1645	
Honolulu	1400	2000	Connection via Los Angeles
Houston	1400	2135	
Los Angeles	1440	1745	
	1515	1900	
Miami	1115	1525	
San Francisco	1210	1510	End Fri/Sun
	1210	1735	Mon Tue Thu Sat
Washington	1100	1655	Mon Tue Thu Sat Sun
	1325	1645	Wed Thu Fri Sat Sun
*Also Detroit	1100	1725	Wed Thu Fri Sat Sun
	1215	1350	Mon Tue Thu Sat

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# FINANCIAL TIMES

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27 February 1980

## Reviving the docklands

EIGHT SQUARE miles of empty dereliction in the centre of Europe's largest city and most important business centre—London's docklands could provide unequalled opportunities for planners, architects, investors and developers. Next month, 15 huge development schemes proposed for the 120-acre Surrey Docks site, which was thrown open to international tenders last year, will go on display. Ranging from international trade marts to science research and manufacturing parks, these schemes, typically backed by private capital of £200m or more, give an indication of how much could be achieved in the docklands with imaginative and enterprising development.

### Conservation

But instead of imagination and enterprise, the recent history of the docklands has been characterised by obstruction, conservatism and lack of vision. Indeed the very collapse of the docklands economy over the past two decades was partly due to the determination of governments and local authorities to protect the outmoded industry which dominated the area. If the Port of London Authority had been able to set more decisively to streamline the docks, the problems could have been tackled earlier, docks could have been drained and freed for more productive uses, while those that remained would have had better chances of survival. Instead, the docks were condemned to subsidised neglect.

It was not until 1976 that a Strategic Plan was approved for docklands and the immense tasks of rebuilding a modern infrastructure were taken in hand. The six local authorities responsible for the docklands rightly argue that they have achieved more in the past four years than their critics (including Mr. Michael Heseltine) are prepared to acknowledge. Land reclamation and drainage has proceeded on schedule though, with better foresight, much of this could have been completed many years before. Meanwhile the local authorities have hickored among themselves over the routing of vital new roads, have delayed planning decisions to placate political pressure groups, and, most importantly, have proved no match for the local landowners. These landowners are all public bodies, including the Port of London Authority, the British

# A wayward way with the Community

BY IAN DAVIDSON

**LORD CARRINGTON**, the British Foreign Secretary, has brought off a minor public relations coup by uniting the Foreign Ministers of the European Community around his proposal for the internationally-guaranteed neutrality of Afghanistan.

It was a coup because Western European reactions to the Soviet invasion of Afghanistan had hitherto been conspicuous for their diversity. Official exponents of the British view of the European Community also claim that it confirms the judgment that the co-ordination of foreign policy between the member States has been one of the most successful features of the Community in recent years, and one, moreover, in which Britain has an important and constructive part to play.

On the economic side of the European Community, there is much less for the British to crow about. Since last summer the Government has been demanding an immediate rectification of the financial arrangements by which Britain has become by far the largest net contributor to the Community budget, despite the fact that it is the third poorest country in the EEC, in terms of GNP per head. This year Britain would be expected to transfer a little over £1.2bn net to the budget, which is nearly twice as much as the West German contribution of nearly £700m. France could expect to make a small net contribution. Every other member State would be a substantial net beneficiary from budget transfers, including Denmark, whose GNP per head is almost twice the British.

British tactics for dealing with this obvious inequity have fallen into two phases until now. Last summer and autumn, and culminating in the EEC summit in Dublin last November,

Mrs. Thatcher, the Prime Minister, was demanding in the most strident terms that she wanted the money back. She wanted it there and then, or at least in good time for the 1980-81 budget. Since then the problem has been handled, in more discreet terms, by Sir Ian Gilmore, the Lord Privy Seal, and Lord Carrington's deputy at the Foreign Office. Neither tactic has so far succeeded in producing the result that Mrs. Thatcher wanted.

There are two reasons for Britain's excess contribution to the Community budget. The first is that Britain traditionally has done more trade with the outside world, especially with the Commonwealth, than other member states did; and since the budget is funded in the first instance from the revenue from industrial customs duties and agricultural levies on imports from outside the Community, Britain almost inevitably makes a bigger gross contribution to the budget than most other member states.

This part of the problem was created many years ago. In 1975, as part of the notorious "re-negotiation" of the membership terms which were secured by Mr. Edward Heath, Mr. Harold Wilson (as then was) persuaded the rest of the Community to agree to a new financial mechanism which was designed to ensure that no member would have to make a disproportionate gross contribution to the budget, in relation to its GNP and growth rate. Unfortunately there were additional criteria, including the balance of payments, which have meant that the mechanism has never been activated. In any case the maximum possible refund is £170m, far less than Britain's excess contribution if GNP per head is used as a yardstick. In 1980 it would be of the order of £450m.

At the Dublin meeting Mrs. Thatcher secured agreement that the terms of this financial mechanism could be relaxed so as to enable Britain to get a refund of the order of £350m. While the French are putting it about that they are no longer committed to this agreement since Mrs. Thatcher is not prepared to be satisfied with it, it is widely assumed that the £350m will in fact be back on the table at the end of the day.

The trouble is that the problem of gross contributions is only a small part of the explanation for Britain's overall

areas. But though there has been a lot of talking and frothing and a lot of talking, and though Sir Ian Gilmore's quieter approach seems to have undone some of the psychological damage caused by Mrs. Thatcher's abrasive style, there is no sign as yet of what the trades unions would call "money on the table."

The lightning visit to London on Monday of Herr Helmut Schmidt, the German Chancellor, seems to confirm the point.

Mrs. Thatcher hoped that the Community's spring summit

on its own grounds. President Carter's three-part riposte to the invasion—an impulsive and implausible threat to counter force with force in the region; the cutting off of grain and high-technology exports to the Soviet Union; and the exhausting attempt to interdict the holding of the summer Olympics in Moscow—has lacked any constructive proposal which might seem to offer the Russians a dignified way out.

The trouble is that it is virtually inconceivable that the Russians will be interested in looking for a way out. They

it looked as though the French and the Germans had reached a consensus on the right line to take, but Herr Schmidt had scarcely left Paris for Bonn before Mr. Giscard d'Estaing started vacillating. There is absolutely no reason to suppose that the last week's Rome meeting of foreign ministers has finally produced a new and stable consensus, though some people in Whitehall claim to perceive a certain convergence of views.

The trouble is that it is virtually inconceivable that the Russians will be interested in looking for a way out. They

with a below average growth rate, and makes much more difficult the economic convergence which is one of the underlying aims of the Community. If convergence does not occur sooner or later, the Community will not hold together.

What is instructive is how the Government has chosen to confine its attention purely to the final item at the bottom of the profit and loss account, and to decide that this item must be put right by somebody else. Now it is obvious that the final negative item is the cumulative result of Community policies which Britain can help to shape or reshape. Experience would also suggest that a major amendment to the Community's financial arrangements, in which the benefits in one country have to be met by others, may be more easily handled if it is wrapped up with other issues, or at least placed in a broader context.

## CAP problem

On both counts, the Government's attitude is to a more meekly voice than it was last year, but the words remain virtually the same, give or take the blurring of Mrs. Thatcher's demand for a "broad balance" in British transactions with the Community. The Government continues to insist that the outcome of the budgetary rules are unacceptable and must be put right immediately and for good, and as an absolute priority before any other major decisions.

This position is remarkable

for its clarity, and for its lack of subtlety. There is, of course, something wrong with a Community which appears to require a relatively poor country to make a significant transfer of resources to other member countries, some of which are much richer. The amount of money involved may be fairly small in relation to Britain's GNP, but even 0.7 per cent is significant for a country

An alternative approach would

be to seek an expansion of non-agricultural spending, not on ad hoc schemes in the UK, but on Community-wide policies which could also give particular benefit to the UK.

Admittedly, such an expansion

would have to be very large indeed to cancel Britain's budgetary deficit, and would imply a quantum jump in the Community's contribution, in solving the problem of economic convergence, as well as a corresponding growth in the role of the European Parliament. Again, it might be possible to wrap up the financial problem with the notion of some kind of energy policy, in which Britain would have something to offer and the Community a lot to gain.

The Government's attitude to

such ideas is clear: "If other people want to put up ideas of their own," the line runs, "we can't stop them; what we are interested in is the financial problem."

Mrs. Thatcher's Government claims to be committed to the Community, and it is no doubt much more committed than the previous Labour governments. But it is not clear what it thinks it is committed to, or what kind of Community it would like to see. To be sure, much the same might be said of Herr Schmidt and President Giscard, both of whom are ambivalent about the future development of the Community.

But they are even more

ambivalent about British plainness, which somehow never seems to go away, even though Britain has been in the Community for over seven years.

Perhaps it is time that Lord Carrington—who was in Bonn yesterday—devoted as much thought and persuasiveness to the Community and its place in British foreign policy as did

to the prime minister of Rhodesia.

## Letters to the Editor

### Buy British or go bankrupt

From the Chairman  
Lingard Industrial Holdings

Sir.—There is no doubt about the vast quantity of imported products that one sees in daily use in whatever walk of life one moves... In fact, it is appalling...

It is equally clear that an examination of our import/export figures reveals that were it not for North Sea oil, the nation would be heading for bankruptcy within a period of months rather than years. It is now up to the decision-makers in Britain today to ensure that this slide stops, and to support Sir Michael Edwardes in his Buy-British campaign.

These decision makers, however, are also in many cases responsible for ensuring that the reasons for buying British are catered for when the buyer makes his choice. Everybody, be they a buyer of a consumer durable or the director of purchasing of a large organisation, is looking for quality, competitive price, reliable delivery, good back-up service with adequate supplies of spares and a generally pleasing and well-engineered design which is in line with current thinking.

Leaders of British industry should ensure that their products meet with these criteria, so that the buyer can genuinely recommend to his principals the benefits of buying British. He should be made to feel guilty if he buys foreign...

It is the responsibility of senior and middle management to rise to this challenge and to lead Britain away from the downhill slide which we have experienced in values, attitudes and standards over the last decade.

One cannot hope to generate confidence and enthusiasm among the work forces of the nation if they don't see this positive attitude to effective management. Which I believe is as much to blame for our present predicament as the attitudes of the work forces.

I think the Government must devote a great deal of time and effort to promoting these theories, and helping to translate wishful thinking into positive action. They can do this by more active propaganda, and honest reporting and accounting.

Let the Government not forget that in whatever walk of life, it is the example set at the top of any organisation, Government body or even household, that sets the tone. Don't let us make the mistake of thinking that the easy answer is to ban imports: this would be a short-term remedy with long-term adverse effects and would certainly not enamour us to our trading partners. There is no easy way out of our dilemma and only a totally responsible attitude by all of us will give us the chance of success.

R. J. Bowring,  
Westminster Road,  
Wareham,  
Dorset.

### Forecasting is not all

From the President, National Institute of Economic and Social Research

Sir—I refer to the report (February 25) on the cuts which the Treasury intends to make in its grant to the National Institute of Economic and Social

margins in the UK. The initiative is, in my view, with the credit manager. Appeals to companies to pay their accounts earlier are all very well, but there is no substitute for professional management!

R. G. Pestell.  
5. The Chesters, Whitley Bay,  
Tyne and Wear.

### Eurodollar bond market

From the Executive Director, Citicorp International Bank

Sir.—There is a frequently expressed criticism of the secondary market in Eurodollar bonds which argues that in periods of distress many market makers widen spreads and one sets unwillingness to deal two ways. On February 19, the US Government Market experienced distress, and dealers in what is recognised as the most liquid market, widened spreads particularly in longer maturities. Trading size seems to have diminished as well. A larger than normal number of transactions were only taken on an order basis. Major market makers in the Eurodollar Bond Market, including ourselves, maintained their spreads and willingness to deal. However, occasional widening of spreads may indicate a will to survive and not structurally faulted markets.

Jerome Goldstein,  
PO Box 242,  
335 Strand WC2.

### Rates of return on sales

From Mr. A. Cox

Sir.—I suggest that advertisers did better out of the TV strike than the brief conclusions reported from the Masius Study (February 21). A "return" of 29% on lost sales of £25m represents, at 36 per cent, a higher rate of return on sales than most large advertisers see.

With TV rates at their currently high levels, my conclusion from the report would be to switch the advertising budget to the money market and take another 17 per cent.

Andrew R. W. Cox,  
67 Highclere Road, W10

Unpaid bills

From the Membership Secretary, Institute of Credit Management, Northumberland and Durham Branch

Sir—I have a great deal of sympathy with the recent correspondence on the growing tendency for some companies to take extended credit. As the CBI small firms director pointed out, this is particularly harmful to small businesses.

The standard of cash collection across many sectors of industry and commerce, however, leaves much to be desired. In some cases it is not surprising that customers do not pay their accounts on time. Some of the reasons for late payment are indicative of a lack of professionalism by both sales and credit managers.

Sometimes the salesman conveniently forgets to mention payment terms when he finalises the sale. Where the order is subject to a special bonus or introductory price, the details are not passed on to the accounts department. Hence the final invoice is wrong! The accounts department invoices the customer for goods not actually delivered. Statements and collection letters are either not sent out, or only issued when the account is well overdue—shutting the stable door when the horse has bolted. All heaven-sent opportunities for customers to delay payment. A survey showed that manufacturing industries are extending 62 days' credit—in many cases these companies state that their payment terms are 30 days net.

The cost of financing this extra month's credit is high and reduces the already tight profit over. A large number of major

paper Sharpe and Cooper acknowledge this fact by pointing out that the portfolio with a beta of 1.24 performed best. The second best performance was by the portfolio with a beta of 0.98. If a statistically valid overall trend for these figures is desired, the data must be weighted—if this is done, my original (virtually horizontal) line is obtained.

The practical conclusion is that for long-term investments it seems to pay to avoid low beta portfolios. The essence of the beta discussion, however, has usually been about the increased benefits obtained from high beta portfolios when attempting to beat the market consistently. This assumption is not supported by this evidence. Further evidence, especially in the context of the London market, is highly desirable.

At the same time, investors do seek higher returns from higher betas as I suggested in my earlier letter, in the sense that when they attempt to judge the timing of markets they will seek higher returns in bull markets by choosing higher beta shares. I did not suggest that betas could be used as a method of market timing, only that investors who are able to do market timing can make use of betas.

D. H. Girmes,  
Department of Statistical Science,  
University College London,  
Gower Street, WC1.

### Average annual return

From Mr. D. Girmes

Sir.—In their letter (Feb. 18), Dr. Dimson and Dr. Marsh emphasise the importance of introducing modern portfolio techniques into the UK. With that I fully agree. I am arguing only that the characteristics of share price movements are rather more complicated than is sometimes suggested.

Returning to the risk and return graph which is under discussion, and looking at the points on the graph which refer to the geometric averages, it should be noted that there are two steps in the trend of the long-term return/risk relationship. There is a considerable increase of the average return going from low beta portfolios to portfolios with a beta of 1.0.

There is extremely little improvement of average return (only about 0.2 per cent on average) when increasing the beta value from 1.0 to 1.5. This points, incidentally, to the risk and return attractions of an index-matched portfolio which has a beta equal to 1. In their

groups of people, working closely together, develop an identity of view, which can be fine for harmony but bad for survival. The role of the outsider is to recognise that the Emperor has no clothes and insist that something be done about it. Rolls-Royce and AEC both ignored the financial dimension of their posture and collection letters are either not sent out, or only issued when the account is well overdue—shutting the stable door when the horse has bolted. All heaven-sent opportunities for customers to delay payment. A survey showed that manufacturing industries are extending 62 days' credit—in many cases these companies state that their payment terms are 30 days net.

The cost of financing this extra month's credit is high and reduces the already tight profit over. A large number of major

Police Commissioner, speaks at Foreign Press Association lunch, TUC general council meets, London.

Sir Peter Parker, British Rail chairman, speaks at Junior Chamber of Commerce for London lunch, Mansion House.

Dr. A. W. Pearce, Esso Petroleum chairman, addresses a Carlton Club political committee lunch.

Ladbrokes Group appeal for gaming licences for three casinos opens in the High Court.

National Union of Teachers members strike to Leicester.

Mr. Michael Kennedy, Irish Finance Minister, presents his Budget, Dublin.

## Today's Events

First world congress of Indians from Sioux, Apache, Navajo and south and central American tribes, Cuernavaca, Mexico.

PARLIAMENTARY BUSINESS House of Commons: Companies Bill, remaining stages.

House of Lords: Debate on Floniston Report. Short debate on cathedralis.

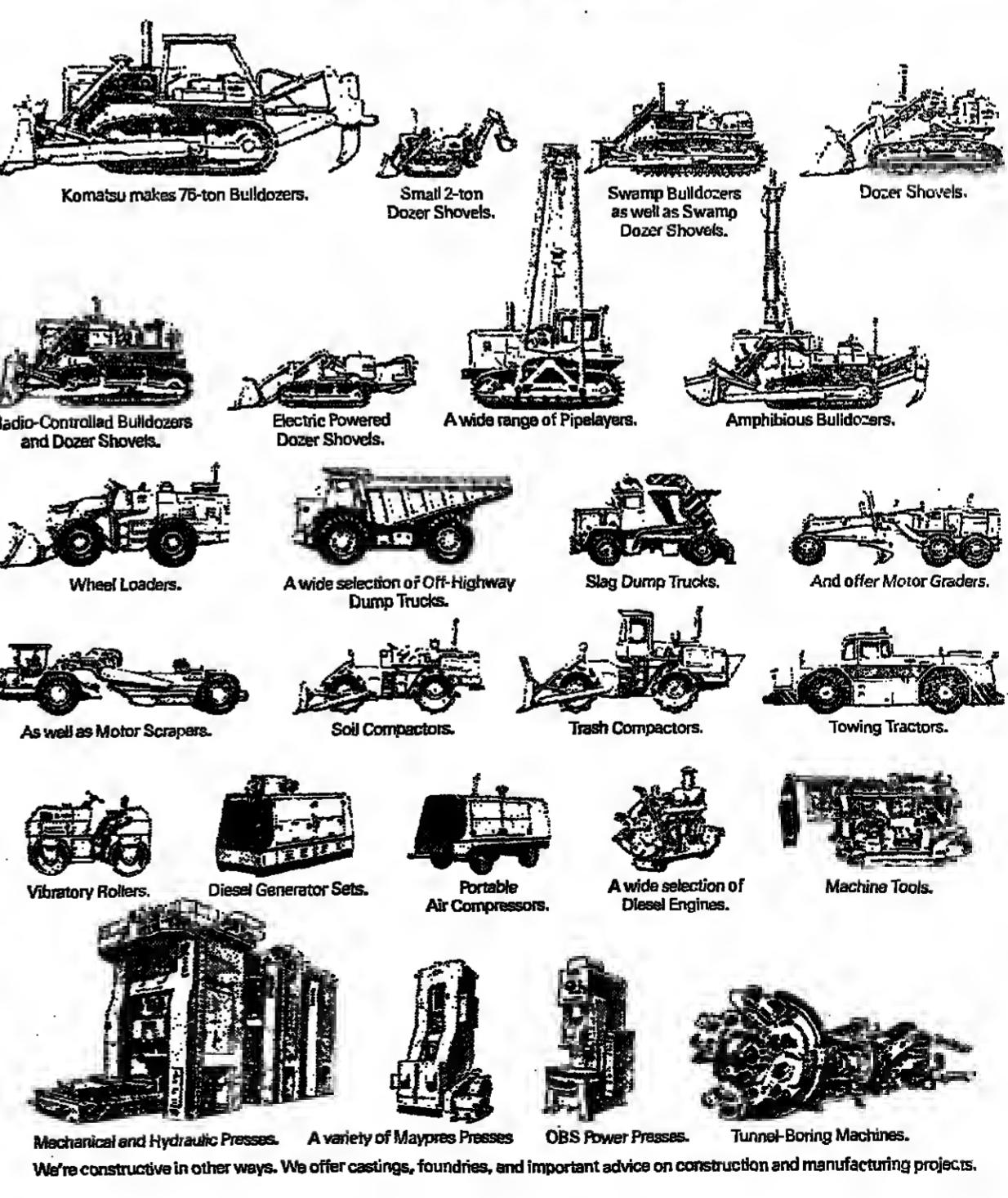
Select Committees: Education, Energy, Foreign Affairs, Industry and Trade, Transport, and Employment Select Committees meet.

COMPANY MEETINGS Associated Sprayers, Plumbeous Holdings, Brown Brothers Corporation.

Street, Birmingham, 12, BOG International, Lyric Theatre, Hammersmith, King Street, W. 3, M. and G Dual Trust, Three Quays, Tower Hill, EC. 2.15, J. F. Nash, Birmingham Chamber of Commerce, Harborne Road, Birmingham 12, Silverthorne, Queen's Hotel, Cheltenham, Gloucestershire, 230, Unichrome International, Queens Hotel, Cheltenham, Gloucestershire, 3.13.

COMPANY RESULTS Final dividends: Allen Harvey and Sons, General Accident Fire and Legal Assurance, Moorside Trust. Interim dividends: BPN Holdings, Brown Brothers Corporation.

## CONSTRUCTIVE ADVICE.



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## NatWest tops £440m and raises dividend by 30.5%

WITH SECOND-HALF profits at a similar level to those of the first six months, National Westminster Bank expanded pre-tax surplus for 1979 by 44 per cent to £441.5m compared with a re-stated £305.7m previously.

First-half profits had jumped from £109m to £220.8m, but the board then warned that the second-half result might not match that of the first period. In the event, profits in the final six months reached £220.9m (£196.7m).

With stated after-tax earnings per £1 share well ahead at 14.8p (£2.6p), final dividend of 10.25p lifts the total payment from 12.8237p to 17.5p net, equivalent to a rise of 30.5 per cent at the gross level.

Mr. Robin Leigh-Pemberton, the chairman, says that largely as a result of record interest rates during the year, the domestic banking contribution has grown by 67 per cent and accounts for 69 per cent of total group performance.

International banking has taken its contribution past the £100m mark in sterling terms—some 22 per cent of the total. Despite steadily tightening market conditions, it has expanded its activities without slackening its risk criteria.

Referring to last year's acquisition of National Bank of North America, the chairman says that although its first year's results have been disappointing over 1979, he is happy with the way this acquisition and its integration into the group's management pattern are developing.

The related banking services' contribution has been maintained at 9 per cent, despite the adverse impact of interest rates on the performance of Lombard North Central.

Mr. Leigh-Pemberton says the group expects to see a decline in interest rates during the year as the recessionary force work through the economy, and it does not, therefore, look for a continuance of historic cost profits at the level seen this time.

The group is seeking to reduce its dependence on fluctuating interest rates in the UK and there are factors in the composition of profits which compensate, to some extent, for the impact

### HIGHLIGHTS

National Westminster Bank has duly produced a substantial profits increase for 1979 though its figures are not quite as sparkling as Lloyds last week. Lex looks at the second half trend and elsewhere, with the industrial results season getting under way, discusses the small profits rise at IMI. Profits have come under pressure at Commercial Union where a modest decline last year is due to a sharp setback in underwriting results. Finally Lex looks at Cluff Off, which is exploiting the high degree of enthusiasm for second line energy stocks to launch a rights issue. On the inside pages textile group Vantona notches up a useful profits advance and Metalrax has produced a gain of a fifth despite industrial problems, but Peter Brotherhood reports a further loss.

of a substantial fall in domestic rates, he adds.

On a CCA basis, pre-tax profits are £285m (£243m), after adjustments for monetary working capital £180m (£80m), additional depreciation £8m (same), less gearing of £49m (£16m). Share of current cost and gearing adjustments of associates was £8m (£4m).

The group's provision for bad and doubtful debts rose from £23.8m at the beginning of the year to £26.4m at December 31. Of these, specific debts accounted for £15.2m (£15.6m) and non-specific £1.1m (£7.3m).

Reserves increased from £1.09bn to £1.31bn at the year-end. Shareholders funds reached £1.55bn.

**Banks and subs. £m**

**Associates' share**

**Profit-sharing scheme**

**Shareholders' own**

**Taxation**

**Net profit**

**Subs. minorities and prov. divs.**

**Bank prov. divs.**

**Extrn. credts.**

**Atris. to ord.**

**Ordinary Interim**

**Proposed Final**

**Debtors' Income from assets leased to customers**

**Income from assets leased to customers**

**Interest on advances**

**Total**

**1979**

**1978**

**£m**

<b

JULY 1979

## Vantona shows 17% increase

IN A year described by the directors as difficult, pre-tax profits of Vantona Group, textile and clothing manufacturer, improved by 17 per cent, rising from £7.31m to £8.57m on turnover of £117m against £82.4m.

First half profits for the year to November 30, 1979 rose from £3.35m to £4.02m despite the effects of industrial unrest and bad weather in the first four months. Rapidly rising energy, transport and wage costs brought pressure on margins in the later months, say directors.

The group has maintained and is continuing a policy of containing these cost increases by internal economies, they add, thus avoiding increases in selling prices whenever possible.

A final of 5p lifts the dividend to 8p, as forecast, an increase of 39 per cent on last year's total of 5.752p.

A sharp rise in the interest charge, from £0.4m to £1.35m,

reflects record interest rates, although the main increase, of approximately £0.8m, relates to the cash part of the consideration paid for the Compton Webb Group, results of which are included for the first time.

Exports of the enlarged group are up 9 per cent despite the effects of stronger sterling.

Turnover	1979	1978
Trading profit	£9.32	£7.71
Interest	£1.25	£0.40
Profit before tax	£8.57	£7.31
Tax	£2.00	£1.35
Extrad. debit	£57	£65
Margins & Prel. div.	£74	£203
Available	£7.21	£6.00
Ord. div.	1.70	1.12
Retained	£5.52	£4.24

Last year's figures have been restated following the adoption of SSAP 15, and approximately £12m previously provided for deferred taxation has been transferred to reserves.

After the reduced tax charge of £0.45m (£2.81m) and extraordinary debts of £537,000 (£896,000), the available profit margin at £7.58m against £3.81m. Earnings per 20p share are shown as 17.5p (17.7p).

Capital expenditure for the year amounted to £8m.

### • comment

Household textiles, where the bulk of Vantona's interests lie, has proved a rather more sheltered market than the rest of the textile sector. Nevertheless, once the contribution from Compton Webb—acquired in 1978—is stripped out, turnover rose by nearly 9 per cent—£90m—and margins were squeezed. Compton Webb's turnover was strong ahead, however, and the plan to push sales of uniforms in the Middle East has proved extremely successful. The scope for building up margins in Compton in the current year could give a significant fillip to profits, which are likely to be about £9.5m, for a prospective fully-taxed p/e of below 5. This share price moved up 4p to 101p yesterday, where the yield stands at 12 per cent. The strength of the balance sheet, which now shows no long-term debt and an overdraft of only a few million, together with the expansionary ambitions of the Board, makes acquisitions in the present depressed textile climate a virtual certainty.

## Mt. Charlotte progress: profits over £1m mark

AS FORECAST in the last annual report, Mount Charlotte Investments continued its progress in 1979. On turnover up by £0.57m to £9.85m, pre-tax profits for the year advanced from £0.86m to a record £1.05m, with £0.4m against £0.32m coming in the first six months.

Trading profits from the hotel and catering activities increased by 30 per cent over the year. Interest charges rose from £262,000 to £289,000.

Earnings per 10p share are stated ahead by 0.50p to 3.10p and the year's dividend is raised 26.7 per cent to 0.7p (0.553p) net.

The group's hotel properties, excluding those acquired in the year, were professionally revalued as at November 30, 1979, and this produced a surplus of £6.4m, which will be incorporated in the accounts.

There was a tax charge for the period of £135,000, compared with a £4,000 credit, and after extra ordinary credits of £147,000 last time, attributable profits emerged down from £1m to £955,000.

The tax charge is attributable wholly to ACT written off as not being recoverable in the immediate future. There is no corporate tax due mainly to the excess of capital allowances over corresponding depreciation.

## London and Lomond Inv.

Gross revenue of London and Lomond Investment Trust rose from £1.27m to £1.62m in the year to December 31, 1979 and

the net dividend is stepped up to 4.1p against 2.8p with a final of 2p. Included in the total is a special non-recurring payment of 0.7p.

After all charges including tax of £391,977 (£224,316), net revenue went ahead from £575,762 to £809,233.

The net asset value per 25p share is shown as 101p (104p). Total funds were £22.85m (£22.76m).

The current high interest

rate of 10.50 per cent

and the year's dividend is raised 26.7 per cent to 0.7p (0.553p) net.

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Mr. Dennis Tyson, a partner in Price Waterhouse and Co., as Receiver of Peckston Group and five of its operating subsidiaries

The group is principally involved in ship's engine, freight forwarding and related activities, as well as steel fabrication and the provision of offshore labour.

The Receiver is taking urgent steps to try to make arrangements for the continuation of the business while purchasers are sought for them as going concerns. Some other companies within the group, to which Receivers have not been appointed, are expected to be able to trade normally.

A principal cause of the group's difficulties is believed to have been the substantial losses sustained recently arising from certain specific ship chartering operations which are now complete.

Mr. Stuart Dyer, managing director, told the annual meeting yesterday.

He warned shareholders, however, not to assume that this meant the remainder had a good chance of being recovered. "The provisions we have made are totally justified," he said, "and if we have three more years as difficult as the last I doubt whether we would get very much back."

Mr. Dyer stressed that the company was vulnerable to high interest rates and fluctuations in the property and housing markets. Nevertheless, "while there is life there is hope," he said, "and we are not going to write off debts if there is a hope of getting them back." Mr. Dyer said that further recoveries were likely but it was impossible to put a figure on them.

The annual meeting was followed by a 94 per cent 1980 loan stockholders meeting which approved the restructuring of the profitable consumer credit division to bring all its assets under one subsidiary.

The scheme has not gone through, however, as the second loan stockholders' meeting of the 94 per cent 1980-87 stock was adjourned to March 13 for want of a quorum.

Mr. John Glyn, the chairman, replying to shareholders' questions, said that "the Board

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## Companies and Markets

# Little changed at Raine Eng.

VIRTUALLY UNCHANGED taxable profits of £121,000 for the six months to December 31, 1979, against £127,000 previously, are reported by Raine Engineering Industries, residential estate developer, heavy and light engineer, and insurance broker.

The pre-tax surplus was struck after increased interest of £27,000 (£186,000).

At an annual meeting in November, the directors said management figures to the end of the previous month showed profits ahead of the same period last year.

They now say it is not possible to make a forecast of the year's results in view of the steel strike which is affecting many of the group's operations. Profits, before tax, totalled £409,000 in 1978/79.

The net interim dividend is maintained at 8.25p, last year's final was 5.55p.

Sales were marginally lower at £7.75m, compared with £7.84m. Tax charge was substantially reduced to £3,000 (£48,000).

## Scotcros set to expand in France

A French subsidiary has been set up by Scotcros, the Glasgow-based packaging, food and transport equipment group.

Under the name of Scotcros Group Industrie, SA, it will be the trading company in France through which Scotcros plans to extend its existing packaging, transport and wine interests.

In the present financial year the value of Scotcros' trading between France and the UK is expected to exceed £1.5m for the first time.

# Commercial Union

## Assurance Company Limited

The Board announces unaudited profits for 1979 of £91.8m (1978 £87.8m) after providing for taxation.

	1979 Unaudited £m	1978 Published £m
PREMIUM INCOME	1,143.5	1,100.7
Investment income	153.6	143.3
Loss interest	(12.6)	—
LIFE PROFITS	141.0	124.3
Underwriting result (table below)	16.6	15.0
Associated companies' earnings	(21.3)	2.9
TAXATION AND MINORITIES	1.3	—
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	137.6	142.2
EARNINGS PER SHARE	(45.8)	(54.4)
SHAREHOLDERS' FUNDS	22.34p	21.37p
UNDERWRITING RESULT	271.7m	564.6m
United Kingdom	3.5	3.8
United States	(8.3)	7.7
Australia	(2.3)	(1.7)
Canada	4	1
Netherlands	(10.7)	(11.4)
Remainder	(3.9)	4.4
	(21.3)	2.9

World-wide premium income in sterling terms increased by 4%. After allowing for changes in rates of exchange and the effect of the sale of a majority of our shares in former subsidiary companies in South Africa and the Republic of Ireland, which have now become associated companies, the underlying growth in premium income was approximately 12%.

In the United Kingdom we achieved strong growth and maintained our underwriting profit despite vigorous competition and a marked increase in fire wastage.

In the United States our statutory results were affected by the general downturn in underwriting experience in the insurance industry. Private motor results deteriorated sharply and the property account, although still profitable, was significantly affected by the unusually high level of weather losses during the year, including those caused by hurricanes David and Frederick. Premium growth was above the average for the industry and a small underwriting profit was made in the fourth quarter. The statutory operating ratio for 1979 was 102.5% (1978 98.5%). The claims ratio to earned premiums was 69.4% (1978 67.4%) and the expense ratio to written premiums 33.1% (1978 31.1%).

Trading conditions in Australia remain unsatisfactory, and we have suffered a further underwriting loss. As announced on 13th February 1980 we have now agreed in principle with the National Mutual Life Association of Australasia to integrate our general business interests in Australia and New Zealand, and to transfer to them our life business in these countries. It is hoped that these arrangements will be completed by September 1980.

There was a small underwriting profit in Canada but intense competition created conditions that were not conducive to growth and the outlook for 1980 is not good.

In the Netherlands there was a small improvement over 1978 despite adverse weather conditions, but premium rates, particularly for motor business, remain inadequate.

The underwriting loss for Remainder is due to poor results throughout most of Western Europe with a marked deterioration in France and Spain and continuing unfavourable experience in Belgium. The results of the marine and aviation business written on the London market, for the 1977 underwriting year closed at the end of 1978, showed a satisfactory profit but at a lower level than for the previous underwriting year.

Investment income, net of loan interest, increased by 13%, but after allowing for changes in rates of exchange and other factors, the underlying increase was over 21%.

Dividend

The directors recommend for payment on 16th May 1980 a final dividend on the ordinary shares of the Company of 5.800p (1978 5.927p). This, together with the interim dividend of 4.000p (1978 2.883p) per share paid in November last year, gives a total dividend for the year of 9.800p (1978 8.790p) per share, which represents an increase of 11.5% on the dividend paid in respect of the year ended 31st December 1978. UK residents and certain foreign shareholders will be entitled to an imputation tax credit of 4.200p (1978 3.950p) per share, at current rates of tax, making a gross dividend for the year of 14.000p (1978 12.740p). These dividends, including preference dividends for 1979, require £40.3m (1978 £36.1m including the additional interim dividend referred to below). The balance of profit for 1979 amounting to £51.5m has been added to reserves.

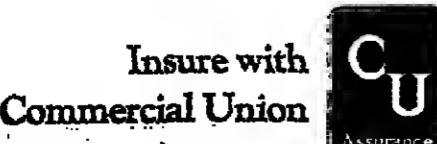
The 1978 comparative figures have been adjusted by £1.0m to include the cost of the additional interim dividend of 2.54p per share paid in November 1979 in respect of the 1978 final dividend, arising from the retrospective reduction in the rate of advance corporation tax.

The Report and Accounts for 1979 will be posted to shareholders on 27th March 1980 and the Annual General Meeting will be held on 21st April 1980.

The results of the Company's operations have, as usual, been converted at rates of exchange prevailing at the close of the periods reported. These were as follows:-

	1979	1978
United States	2.20	2.04
Australia	2.00	1.77
Canada	2.58	2.42
Netherlands	4.22	4.03

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Assurance



# UK COMPANY NEWS

## MINING NEWS

# Inco sees 'substantial growth' in 1980s

BY KENNETH MARSTON, MINING EDITOR

AFTER HAVING lived through some difficult times in the past five years Canada's Inco nickel giant sees the 1980s as a period of substantial growth with increased use of capacity, a more diversified range of products and an early return to satisfactory profits. And the group is to review this year's capital spending to the 1978 level of US\$220m (£86.8m) from \$125m in 1979.

In the annual report Mr. J. E. Carter, chairman and chief executive, and Mr. C. F. Baird, president, say that Inco's primary metals business has made an especially good start to 1980. They add, however, that "forecasts of recession, political instability in many areas and continuing high inflation are reasons for caution."

As pointed out in this column

Inco intends in future to reinvest a larger proportion of earnings instead of relying on external financing. Under normal circumstances the Board considers that about one-third of earnings should be distributed in dividends, adjusted when appropriate by year-end extra payments.

Last year when earnings reached to \$141.7m, or \$1.58 per share—still regarded by the group as being below a satisfactory level—from \$77.8m in 1978, dividends totalled 50 cents per common share, being made up of four quarterly payments of 10 cents plus a year-end extra of 10 cents. The first quarterly dividend for the year has been reduced to 15 cents.

In addition there should also be an increased contribution to earnings from the group's not inconsiderable production of platinum. In all, a bumper first quarter, at least will be expected. Inco shares were £124 yesterday.

## BIDS AND DEALS

# Blue Circle putting £8m into Indonesian venture

Blue Circle Industries, still waiting to see if its £30m bid for the Armitage Shanks sanitaryware group has succeeded, plans to invest £19m (£8.3m) in a new Indonesian project.

It will acquire 26.4 per cent of the equity of PT Semen Andalas Indonesia, which has been newly set up to develop and manage a one million tonnes a year cement plant in the northern

the World Bank and the Commonwealth Development Corporation (CDC) and other financial institutions are also planning to invest.

The Indonesian Government, which has confirmed arrangements for the project, intends to build up a national export potential, and Blue Circle said the new company would be well placed for exporting to the rest of south-east Asia.

## GILL AND DUFFUS ENDS DUTCH TALKS

Gill and Duffus Group, the international commodity broker, merchant and processor, stated that talks with W. R. Grace and Co. Inc. of New York for the purchase of Cascadafabrik da Ziam BV have been terminated.

Gill and Duffus revealed that it was in talks with W. R. Grace for the purchase of Cascadafabrik da Ziam BV, which had been terminated.

The International Finance Corporation (IFC), a member of

therefore discussions had been discontinued.

## BURNS-ANDERSON SELLS WINGLAW INTEREST

For a consideration of £200,000 cash, Burns-Anderson has disposed of its interest in Winglaw Properties and associates. The companies are engaged in property investment, owning commercial and residential properties in Swiss Cottage, London.

Net assets disposed of were valued at £318,000, net profits attributable thereto to come to £88,000 per annum.

Burns-Anderson has no immediate requirements for the funds; they will be placed on deposit.

## HOGG ROBINSON BEVINGTON

Hogg Robinson Group, the insurance broker with large Lloyd's of London interests, has acquired the life insurance broking company trading as Bevington Lewes. Although no purchase consideration has been disclosed it is substantially less than 5 per cent of Hogg Robinson's net tangible assets.

In 1980, this is due to the dissolution of a family trust.

Haynes Publishing—F. Day, chief executive, has disposed of 35,000 shares.

## SHARE STAKES

Hampson Trust—On February 20 Cleves Investments sold 25,219 shares; it now holds 1,024,681 (8.37 per cent).

Wilkinson Match—D. Randolph, director, has a beneficial interest

# Bolton Textile HQ £4.86m sale

Bolton Textile Mill Company, the textiles and women's clothing group, has reached agreement to dispose of its head office at Bolton House, 23/28 Charterhouse Square, London, to an institutional purchaser in a deal worth £4.86m.

The agreement is conditional upon the approval of shareholders. A meeting will be required to gain the support of the 50% of the outstanding stock.

The disposal of the property will reduce the overhead cost of the group's operations and give it flexibility to expand by providing working capital for the future.

The book value of Bolton House, after allowing for current year expenditure, is £1.55m. After provisions for tax and expenses, net proceeds are likely to amount to £2.8m, giving rise to an increase in shareholders' investment of about £1.43m after repaying the stock.

Net proceeds will be applied as to approximately £0.65m in purchasing alternative head quarters; £1.5m in eliminating current bank indebtedness and £0.5m in the repayment of stock.

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providing alternative head quarters; £1.5m in eliminating current bank indebtedness and £0.5m in the repayment of stock.

Bolton Textile Mill Company, the textiles and women's clothing group, has reached agreement to dispose of its head office at Bolton House, 23/28 Charterhouse Square, London, to an institutional purchaser in a deal worth £4.86m.

The agreement is conditional upon the approval of shareholders. A meeting will be required to gain the support of the 50% of the outstanding stock.

The disposal of the property will reduce the overhead cost of the group's operations and give it flexibility to expand by providing working capital for the future.

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## Companies and Markets

## U.S. BROKERAGE HOUSES

# When it pays to diversify

BY DAVID LASCELLES IN NEW YORK

**THE BOND** market may lie in ruins, the stock market may be going nowhere fast, interest rates may have gone through the roof, and the commodity markets may be in turmoil. But Wall Street is doing very well, thank you. Without exception, all major Wall Street brokerage houses reported sharp gains in earnings for 1979, with the biggest increases coming at the end of the year when conditions were at their most chaotic.

The reason, of course, is that these houses are enjoying exceptionally large commissions from the high market turnover. The average number of shares traded on the New York Stock Exchange last year was 32m a day, a record 14 per cent up on 1978. And these commissions have more than offset whatever losses Wall Street incurred from the volatility of the markets themselves. But the health of brokers' earnings is also a sign that any slowdown, sharp-ups brought on by fast-moving markets in the past are being overcome. Another reason is that brokerage houses owe an increasing share of their earnings to diversified activities which have tended to be more steady and profitable than trading in securities.

Typical of the trend was the earnings report of Merrill Lynch, the industry leader. Profits for the full year were up by exactly two thirds to \$118.7m. But the sharpest jump came after September 30, in the quarter which brought the Fed's October 8 economic package and near-chotic stock market decisions. Earnings in that quarter rose by 227 per cent to a record \$29.6m.

Merrill reported that commission revenues rose by 38 per cent in the quarter, reflecting

the market upsurge and what it claimed to be its increased market share. But it noted that commissions on commodity futures transactions rose sharply too.

Merrill's figures also suggest that its profitability is increasing. Net earnings for 1979 were equivalent to 5.8 per cent of revenues, it said, up from 4.7 per cent in 1978. At the same time it managed to bring its operating expenses down from the equivalent of 92.5 per cent of revenues to 90.4 per cent.

Bache Group, parent of Bache Halsey Stoop Shields, reported one of the biggest profit gains for the quarter—1,000 per cent—attributing it to the surge in the market place and a 74 per cent gain in commodity business. Bache has been convinced for some time that whether or not equity prices take off, market volume will rise due to a sharp increase, and that brokerage houses should prepare themselves to handle high turnover. Its current prediction is for an approximate doubling of equity volume between now and 1985.

The improved climate also helped one of the industry's weaker brethren, First Boston, to turn a heavy fourth quarter loss in 1978 into a sizeable profit last year. As a result, First Boston's full year results showed a profit of \$17.2m, its best since its record year of 1976.

First Boston's turnaround was a sign that higher brokerage fees alone are not responsible for Wall Street's rise in profits. First Boston's dependence on fees is well below average—about 20 per cent of revenues against the 50 per cent common elsewhere—suggesting that the company also earned considerably more from its trading

activities. It is one of Wall Street's leading bond trading houses and investment bankers.

The fruits of diversification from straight brokerage are also evident elsewhere. E. F. Hutton, best known as one of the largest retail brokers in the U.S., noted in its year end statement that it had recorded good

revenue five years from now. It was 48 per cent in 1979.

A point which emerges from most earnings reports is that brokerage houses are learning to live with, indeed profit from, the high leveraged nature of their business. At Merrill Lynch, interest revenue was the largest single contributor to total revenues, with 37 per cent last year. It was also the second largest charge on revenues with 31 per cent.

There were two main sources of interest income: one, the securities owned by the brokerage houses and two, the high interest charges brokers can levy on loans to their customers. The fast growth of interest rates in the last couple of years has also given brokers an extra way of protecting themselves against adverse changes in rates.

Last year brought a couple more mergers in this much shake-up industry. Shearson took over Lebow Rhodes, a move which brought sharply increased earnings for the combined operation, though not, reportedly, from another merger pains.

Paine Webber's acquisition of Blyth Eastman Dillon happened too late to be included in the final quarter results. Mr. James Davant, chairman of the combined company, said four weeks ago that business had been good in January, first month of the newly-combined company. However, the company revealed on Monday that it was having to pare back some of its business to reduce operational problems caused by the merger. The merger was also causing high extra costs which would have a significant negative impact on first quarter earnings, Mr. Davant said.

With bond prices again under pressure on Monday and yesterday, Pacific Telephone has cut its proposed 40-year bond issue from \$200m to \$100m and increased from \$100m to \$200m the tranche of eight-year notes it will sell to investors today.

The move is the latest in a series of changes in plans by corporations raising cash in the bond markets, tending to confirm predictions that companies will have to finance themselves more heavily by issuing shorter maturity securities or by relying on their banks because of investors' reluctance to commit funds for 30 and 40 years in a period of such uncertainty.

Some money market economists have raised the possibility of permanent shifts in the structure of the U.S. bond markets in this line, a development which would have far-reaching implications for a company such as AT & T, which is expecting to try to raise \$500m this year.

The Pacific Telephone issue will be the first serious test of the corporate bond market since the Federal Reserve raised this discount rate to 13 per cent two weeks ago. It is for \$2.5bn. U.S. Treasury five-year note issues yesterday.

In the money markets, short-term interest rates have remained firm with yields on Treasury bills soaring to new highs at Monday's regular bill sale. The three-month bill was sold at an average return of 13.7 per cent up from the previous record of 13.16 per cent set a week ago, and the six-month bill at a record of 13.629 per cent compared with 13.013 a week ago.

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## INTL. COMPANIES and FINANCE

## Buoyant credit demand lifts HSBC

By ANTHONY ROWLEY IN HONG KONG

THE Hongkong and Shanghai Banking Corporation (HSBC) yesterday announced group consolidated net profits of HK\$1.01bn (US\$263m) for 1979, on increase of 38 per cent. The result was very close to the stock market's expectations, analysts had widely predicted a maintenance of profits growth in the second half similar to the 37 per cent recorded at the interim stage.

Last year's increase took place against a background of exceptionally buoyant credit demand in Hong Kong, reflecting a continuing high level of industrial activity, a property boom and heavy consumer spending. Sir Philip Haddon-

Cave, financial secretary is expected to pay a final dividend this year of not less than 47 cents on the expanded capital.

In anticipation of further slowdown in the economy, and consequently in bank lending, this year, the directors of HSBC warned that they did not expect the group to maintain the rate of profit growth seen over the past few years.

A final dividend of 50 cents a share is being recommended for 1979, against 40 cents the previous year, making a total of 74 cents against 53 cents. A three-for-five scrip issue is proposed. The bank said that it

Hongkong and Shanghai's accounting and disclosure policies, yesterday's announcement provides no indication that the bank is prepared to depart from past practices in its published accounts. The figures reported above are arrived at after making transfers to secret "inner" reserves. Accordingly, it is not possible to tell whether the reported profit increase is an accurate reflection of results over the year.

Hongkong and Shanghai could, however, be affected by proposed U.S. accounting and disclosure rules for foreign bank holding companies recently issued by the Federal Reserve Board.

## Safmarine well ahead at midway

By Jim Jones in Johannesburg

SOUTH AFRICAN Marine Corporation (Safmarine), the national carrier, has benefited from earlier capital expenditure on containerisation during the six months to December 31, 1979. With better freight rates on bigger bulk trade demand, pre-tax interim profits rose to R20m (\$24.7m), compared with R17m in the corresponding period of 1978, and R23m for the year to June 30, 1979. The latest profits included R5.2m from the sale of a tanker.

During fiscal 1979, Safmarine's profits suffered from a relatively heavy interest bill, but interest payments are expected to fall, at least temporarily, as the group's recent 35m rights issue is applied to reduce near-term borrowings. This could be a short-term gain as management has earmarked funds from the rights issue, for investment in new bulk carriers.

First-half turnover rose to R183m (\$226m) compared with R149m in the corresponding period of 1978 and R133m in the year to June 30, 1978.

On its increased share capital, Safmarine has raised first-half earnings per share from 17.5 cents to 31 cents. In fiscal 1979, earnings came to 47.7 cents per share and a dividend of 17 cents was paid.

## Second-half recovery at SAAN

By Our Johannesburg Correspondent

AFTER a first-half profit setback, South African Associated Newspapers (SAAN)—the publisher of the Rand Daily Mail, Financial Mail, and Sunday Times—has announced a 33.3 per cent operating profit advance to R4.1m (\$4.96m) for the year to December 31, 1979, compared with R3.35m for 1978. The improved results are almost entirely due to higher advertising volumes and revenues.

For the first time in some years, the management is confident of better earnings. Further increases are expected in newsprint and distribution costs, but this should be more than offset by better advertising revenues.

Earnings per share came to 25 cents, against 12.5 cents and 14 cents for 1978 and 1977 respectively. The group's 38 cents have been retained.

## Kyoto Ceramic placement

KYOTO—Kyoto Ceramic, the Japanese electronic components manufacturer, is to issue 4m new shares in the form of American depositary receipts in the U.S. and other overseas markets through public placement, with payment to be made in late April.

One American depositary share equals two common stocks, and the issue price has yet to be decided, Kyoto Ceramic said yesterday.

The company also said that it plans a two for 10 scrip issue, raising its capital from Y3bn to Y3.8bn (\$15.3m). Reuter

## Akzo returns to dividend list

By CHARLES BATCHELOR IN AMSTERDAM

AKZO, the Dutch chemicals fibres group, yesterday announced that it has achieved its target of net profit exceeding Fl 200m (\$103m) in 1979. It plans to pay a final dividend for the first time in five years.

Net income was boosted by internal factors, such as stock profits and the company's tax position, but Akzo also reported a strong improvement in earnings from chemical products and coatings. Earnings also rallied in the Netherlands, where for some time the company has performed less well than abroad. Akzo made a provisional net profit after extraordinary items of Fl 228m (\$117m), compared with profits of only Fl 24m in 1978. Sales rose by 13 per cent to Fl 12bn (\$6.2bn) on combination of increased shipments and higher sales prices. It will ask shareholders to approve a final dividend of Fl 1.30 per

Fl 20 nominal share, making a profit for the year of Fl 2.40. Akzo last paid a dividend of Fl 4 in 1974.

The result was in line with the forecast made by the board in November. The improvement in chemical products and coatings earnings was largely due to higher shipments and the better use of capacity. Operations in the Netherlands showed a profit after the significant loss of the previous year. Akzo paid no tax on its domestic profits.

Stock profits amounted to Fl 120m, though not all of this can be considered as extra profit, since for some products Akzo was unable to raise selling prices sufficiently to recoup the higher raw-material prices, it said.

Net profit before extraordinary items rose in Fl 25m from Fl 49m. Extraordinary losses, primarily provisions for

the streamlining of the company's activities, mainly in the fibres division, amounted to Fl 57m compared with Fl 25m.

Net profit per share rose to Fl 9.83 from Fl 1.66 before extraordinary items. After these items, profit rose to Fl 7.70 from Fl 0.52.

Sales rose in all of the company's three divisions. Man-made fibres sales rose by 8 per cent to Fl 3.85bn, while chemical products and coatings sales rose 19 per cent to Fl 4.7bn. Both sectors saw sales fall slightly in 1978. Sales of pharmaceuticals, consumer and other products rose 10 per cent in Fl 3.6bn. Intra-group deliveries, which are not counted in overall sales, amounted to 3.5 practically unchanged Fl 120m.

The company's workforce fell by a further 200 during the year to 8,800.

## Sapporo hit by cost increases

By YOKO SHIBATA IN TOKYO

SAPPORO BREWERIES, Japan's second largest brewery suffered a 36.9 per cent fall in operating profits to Y4.46bn (\$17.90m) for the year to December 1979, due to a slowdown in beer demand and cost rises. Net profits dropped by 14.4 per cent to Y2.12bn, or sales of Y251.28bn (\$1.01bn) up 2 per cent on a year earlier. Profits per share slipped back to Y11.54 from Y13.52.

The Japanese brewery industry had enjoyed a rapid growth in demand in recent years. Shipments of beer went up by 13 per cent in 1977, and by 7 per cent in 1978 but hit a ceiling in 1979, and rose by only 1 per cent with Sapporo itself ship-

ping 0.6 per cent less. The slowdown in demand for beer was aggravated by cool weather last summer. Sales of soft drinks, accounting for 6 per cent of total turnover, were 2 per cent lower, due to both the cool weather, and heavy competition in the industry.

The sharp fall in operating profits was chiefly attributed to Y2.4bn worth of cost increases. Sapporo has lifted its consumption of domestic wheat and barley from 14 per cent to 24 per cent following government encouragement to farmers to switch from rice growing. Domestic barley costs 3.5 times as much as imports, however, and with the yen's depreciation

making imports expensive as well, profits were squeezed.

For the current fiscal year ending December, earnings will depend on when, and by how much, the company can mark up beer prices. Both Sapporo and another brewer Asahi, have to wait for the decision of Kirin Brewery which has more than 60 per cent of the market.

The three companies are planning to raise beer prices in late March or April and if the increase goes through, Sapporo expects to maintain earnings at the 1979 level.

The company has postponed a Y1.5 commemorative dividend for the 30th anniversary of its founding.

## KLK chairman forecasts record year

By OUR KUALA LUMPUR CORRESPONDENT

KUALA LUMPUR KEPONG, Malaysia's fourth largest plantation group, is expected to enjoy another record year of profits, Senator Lee Loy Seng, the chairman, said in the annual report.

The group, which has 87,000 acres of palm oil and rubber,

yield clones, come under tapping.

Currently, KLK's planted acreage is divided as to 42 per cent for rubber and 58 per cent for palm oil, and out of this, 27 per cent of the rubber and 10 per cent of the palm oil are immature.

Commodity prices, particularly for rubber, are much higher than last year, but Senator Lee cautioned that the sluggish economic growth in the industrialised countries, and political conflicts in other coun-

tries, may adversely affect prices.

Senator Lee said that the group was planning to build a palm oil refinery at Pasir Gudang part in Johore to process the vast amount of palm oil that is being produced by its estates in the state.

During the last financial year ended in September 1979, KLK increased its pre-tax profits by 32 per cent to 60.4m ringgit (US\$22.8m). It is paying a final dividend of 15 per cent, bringing the total to 25 per cent, to 4.2 per cent.

## Growth slows at Hongkong Telephone

By OUR HONG KONG CORRESPONDENT

HONGKONG TELEPHONE Company has announced net profits of HK\$226.3m (US\$46m) for 1979—an 18 per cent increase over the previous year and somewhat below the order of increase shown over the past few years.

The rate of profits growth slowed down in the second half of last year as rising operating costs offset the benefits of an increase in call charges. The

net profit figure is before transfers made under the official "scheme of control" in accordance with which the utility is constituted.

A final dividend of HK\$1 per share is being recommended, an effective increase of 10 per cent after adjusting for last year's one for ten scrip issue. This makes a total for the year of HK\$1.50 per share, compared with an adjusted HK\$1.96.

A further scrip issue of 3-for-20 is being recommended, and the Board expects to increase dividends in line with the expanded capital this year. The company's turnover rose by 22 per cent to HK\$1.14bn (US\$229m) last year.

The Hongkong and China Gas rights issue is expected to raise HK\$89m and not HK\$81m as reported last week.

## Genting rivals bid for rubber companies

By WONG SULONG IN KUALA LUMPUR

GENTING BERHAD, the Malaysian casino and hotel group, has entered the bid arena for the three rubber companies controlled by the Hong Kong-based Kadoorie family with a cash offer worth some 180m ringgit (US\$82.4m).

Genting's offer for the three companies is in each case 10 Hong Kong cents higher than the offer made by Malaysian property tycoon, Tan Sri Lee Yan Lian.

Malaysian financial circles feel the Genting bid is likely to succeed as all the interested parties have given their approval.

The Genting offer, through its wholly-owned subsidiary Asiatic Development, is HK\$8.1 per share for Rubber Trust, HK\$8.1 for Amalgamated Rubber Estate, and HK\$12.1 for Shanghai Kelantan Estate.

Genting said the amounts it is offering are about equal to estimated net asset value for each of the independently held rubber companies' shares.

Rubber Trust holds about 41 per cent of Amalgamated which, in turn, holds 25 per cent of the former. Rubber Trust also has 45 per cent of Shanghai Kelantan. Under the scheme of arrangement to effect the Genting acquisition, these interlocking holdings will be cancelled.

At the year-end—September 1978—the net asset value of Rubber Trust was HK\$8.23, Amalgamated HK\$5.22, and Shanghai Kelantan HK\$10.89.

Genting told the Kuala Lumpur Stock Exchange it had received the consent of the influential Malaysian Foreign Investment Committee to go ahead with the bid and has lined up the necessary finance.

The directors of the three rubber companies and their financial advisers, Schroders and Chartered, have said that the offer was fair and reasonable and that they would recommend that their shareholders vote for the proposals.

The Genting bid created a

dubious image in a Moslem country, it has been actively looking to diversify.

Three years ago, it made an offer for Golden Hope Plantations, but the offer was frustrated by Harrisons and Crosfield, which merged the plantation company with two others to form Harrisons Malaysian Estates.

The three Kadoorie rubber companies have been the subject of Malaysian acquisition interest since November 1978, when Highlands and Lowlands made an unsolicited offer.

Highlands and Lowlands came back with a higher offer last August, but later withdrew, apparently because of differences within its board over the price.

The three Kadoorie-controlled companies between them own 32,700 acres of rubber and palm oil estates, some of which have real estate development potential which both Tan Sri Lee and Genting are obviously interested in exploiting.

## AGF plans rights issue to attract private capital

By TERRY DODSWORTH IN PARIS

ANOTHER STEP towards AGF, like the banks, has attracting private capital is already seen some dilution of its state held since the 1973 law, which gave companies the right to distribute shares to their employees.

Like Societe Generale, one of the big three state banks, AGF is planning a rights issue to which the Government is not expected to subscribe. This procedure, which will raise some FF 70m (\$17.5m) through a one-for-one issue of 100,000 new shares, is designed to bring stock market finance into the company and reduce future pressure on Government funds.

## Telecommunications deal for Olivetti and Matra

By PAUL BETTS IN ROME

OLIVETTI, the leading Italian electronics and office equipment group, has signed a major manu-

facturing agreement in the telecommunications sector with the Matra company of France.

The Italian group said yesterday that the agreement envisaged joint production by the two companies of automatic long distance transmission equipment for use by international postal services. The jointly produced new equipment is expected to be launched on the market next year.

The company, which is expected to report an operating profit for 1979, says its consolidated group sales total more

## TNT boosts first-half profits 80%

By James Forth in Sydney

THOMAS NATIONWIDE Transport, the international transport group, boosted net first-half profits by 80.5 per cent, from AS11.6m to AS20.8m (US\$22.83m). The result is only AS2.5m short of the figure earned for 1978-79, and TNT directors said yesterday that they expect a significant rise in profits for the full year. TNT had previously reported a profits increase of 90.5 per cent for the first quarter.

The result equalled earnings of 22.5 cents a share compared with 15.6 cents a year earlier and provides ample cover for the interim dividend of 6 cents a share, up from 5 cents last year. The result was achieved on a sales increase of 30 per cent, from AS302m to AS392m.

The directors said the profits increase was broadly based, coming from most areas of operations.

The result included equity profits of certain associated companies, mainly Bulkership Ltd. and Trans Ocean Leasing. The investment in the airline, transport and television group Ansett Transport Industries and shipping group McIlwraith McEacharn were included only on dividends-received basis.

TNT listed its bonds in Ansett from 13.9 per cent to 22.5 per cent, and has made a bid to increase its stake to 50 per cent. The other 50 per cent is already owned by the International Press Group, The News Corporation. The stake in McIlwraith was raised during the period from 15.8 per cent to 44.2 per cent.

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## Companies and Markets

**Silver supplies adequate**

**NEW YORK** — Silver supplies are still adequate to meet industrial needs in spite of soaring prices in 1979, which was the market's most volatile year, Handy and Herman, the US refiner said.

The question of the metal's availability is entirely one of price, they said in their annual review of the silver market. The review blamed overpowering speculative buying in silver futures, motivated by forces other than supply and demand, as a main factor in the market's performance.

Non-Communist world industrial and coinage silver use in 1979 was little changed at 432.8m ozs, while mine production rose about 2 per cent.

**Bullion broker joins LME ring dealers**

**JOHNSON MATTHEY** Commodities, a subsidiary of the Johnson Matthey group, were yesterday formally elected as ring-dealing members of the London Metal Exchange, effective from April 1.

The company has been an associate member of the Exchange for some time, but will now become the first company entitled actually to trade on the Metal Exchange "ring".

Johnson Matthey are one of the five London bullion brokers involved in the gold and silver "fixings" as well as being a leading trader in platinum, and in recent years have also moved into other metals.

Another bullion broker, Sharps Pixley, became a ring dealing member of the Metal Exchange last year.

**Shopstewards reject Inco pay offer**

**SHOPSTEWARDS** representing striking workers at Inco Europe, Clydach, nickel refinery in South Wales are recommending rejection of a new pay offer aimed at ending the 19-week-old strike, the Amalgamated Union of Engineering Workers has said.

The 31 per cent pay offer was agreed yesterday by the company and full-time officials of the four striking unions. The officials will recommend acceptance of the offer at a mass meeting of all the striking workers tomorrow, but shop stewards are still holding out for 40 per cent.

**BRITISH COMMODITY MARKETS****BASE METALS**

**COPPER** — Fell on the London Metal Exchange. The weakness of overnight U.S. markets saw forward metal open lower at £1,170 and fall further to £1,165 on the pre-market. This level attracted sizeable speculative buying, however, and the market ended up at £1,170 on the morning kerb. In the afternoon the market came under pressure as Comex opened lower than expected with forward metal dipping to close the late kerb at £1,190. Turnover: 25,200 tonnes.

A company spokesman said the increase would help offset constantly rising energy, material, operating and transport costs. He claimed the increase was realistic in view of the current strong world demand for aluminium, and higher price levels in some countries. In the UK, for example, the producer price for aluminium is calculated at 83.4 cents.

Other aluminium producers are expected to follow Kaiser's lead. Meanwhile, on the London

**COMMODITIES AND AGRICULTURE****U.S. bans Soviet phosphate trade**

BY DAVID BUCHAN IN WASHINGTON

**PRESIDENT CARTER** has ordered a ban on shipments of phosphate fertilisers to the Soviet Union in a political move to penalise Moscow further for its intervention in Afghanistan.

The embargo announced by the Commerce Department after much debate within the Administration, affects one big barter deal signed in the detente years of the early 1970s, whereby Occidental Petroleum agreed to supply the Soviets with U.S. phosphates in return for another fertiliser material, anhydrous ammonia.

Philip Kutzman, commerce secretary, said the phosphates had "forcefully demonstrates our refusal to do business as usual" with the Russians.

Occidental executives said they would support the government's decision.

But the move obviously could jeopardise ammonia shipments to the U.S. Occidental officials said they would discuss the future of the barter deal with the

Russians in Helsinki next week.

James Galvin, head of Occidental's agricultural products division, was quoted as saying his company had prepared alternative markets for its phosphates in India, Indonesia and Brazil.

These countries had previously been supplied by Tunisia and Morocco and the Soviet Union seems

largely designed to show

American farmers that they are not the only actor being asked to make sacrifices in the cause of standing up to the Russians.

However, the phosphate

decision may in fact hurt American farmers. In anticipation of a retaliatory Russian ban on ammonia exports to the U.S., domestic U.S. prices of ammonia, used by many farmers here, have already started to rise.

**World aluminium prices raised**

BY JOHN EDWARDS, COMMODITIES EDITOR

**KAI SER ALUMINIUM** yesterday announced a big rise in its international price for primary aluminium ingots. Effective from March 15 the minimum price for 99.5 per cent grade ingots will jump by 10 cents to \$2.6 cents per lb (£1,820 per tonne).

A company spokesman said the increase would help offset constantly rising energy, material, operating and transport costs. He claimed the increase was realistic in view of the current strong world demand for aluminium, and higher price levels in some countries.

In the UK, for example, the producer price for aluminium is calculated at 83.4 cents.

Other aluminium producers are expected to follow Kaiser's lead. Meanwhile, on the London

Metal Exchange aluminium futures market yesterday the cash price rose by £1.3 to £92.85 a tonne, recovering more of last week's losses.

Other markets were mainly higher too. Copper cash wirebars gained £16 to £1,176 a tonne.

Cash lead gained another £11 to £520 a tonne, reflecting the continued immediate supply shortage. Zinc, however, lost ground in spite of reports that the Soviet Union was buying supplies from Japanese smelters.

Tin was quiet, awaiting the outcome of this week's meeting of the International Tin Council where producers are expected to press for a rise in the Tin Agreement price range, while opposing U.S. plans to resume tin stockpile releases next month.

Meanwhile world sugar prices rallied on the London terminal market yesterday on reports of buying interest from several sources. The London daily price for raw sugar was lifted by £8 to £228 a tonne and there were similar increases on the futures market.

Producers had been pressing

for the price range currently

with a "floor" of 11 cents and a "ceiling" of 21 cents a pound to which he raised to reflect the reduced value of the dollar, inflation and the sharp rise in the world market.

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# Secondary Oils again relieve general market lethargy

## Gilts ease ahead of today's long tap applications

## Account Dealing Dates

Options  
\*First Declara- Last Account Dealings etc. Dealings Date Feb. 11 Feb. 21 Feb. 22 Mar. 3 Feb. 25 Mar. 6 Mar. 7 Mar. 17 Mar. 19 Mar. 20 Mar. 21 Mar. 31

\* "New time" dealings may take place from 2.30 a.m. two business days earlier.

Investment enterprise was again lacking in stock markets yesterday, although there was enough movement in the secondary oil section to keep speculators interested. Reports that the Chancellor had received some gloomy pre-budget assessments from Treasury economists and the hardened attitude of the main union involved in the steel dispute were the prime dampeners on general enthusiasm.

Leading shares moved narrowly throughout the session with the exception of BOC International, which ran into nervous selling ahead of today's first-quarter results and fell to 61p before rallying to close 3 down on balance at 58p. Reflecting the narrowness of overall price movements, the FT 30-share index was 1.1 higher at 10,000 am, a net 1.7 down an hour later and finally virtually unchanged on the day at 453.4.

Continuing bid hopes in the wake of the Devalence offer for Viking Oil prompted further speculation in secondary oils. Reports of a fresh major North Sea oil find, later denied by Marathon Oil, were also an influence but business was two-way with profit-taking having more impact on selected issues than on Monday. Viking scored another sharp rise to close 100 up at 950p.

Struggling against the pressures of rising transatlantic interest rates—a Prime Rate yesterday was increased to 16.4 per cent—Gilt-edged securities hardened in the early trade only to ease later in the day. Longer-dated stocks settled a maximum of 1/2 lower, while the shorts closed off after being that much higher initially. Applications for the new long tap, Treasury 14 per cent 1996, are expected to be small despite the fact that only £20 is payable at today's tender.

## NatWest disappoint

Demand for Traded options improved and a total of 706 contracts were arranged compared with the previous day's 495. The increase was mainly attributable to an active business in Cons. Gold Fields, which recorded 253 trades ahead of next week's interim results. Shell were also in demand and attracted 98 deals.

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

## EQUITY GROUPS &amp; SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Tues., Feb. 26, 1980									
	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (Act at 30%)	Est. P/E Ratio (Net)	Index No.				
1 CAPITAL GOODS (172)	241.43	+0.1	18.11	6.48	6.97	261.11	260.53	260.12	260.21	257.59
2 Building Materials (27)	234.31	-0.4	16.94	6.70	7.53	250.25	250.80	250.90	251.00	221.76
3 Contracting, Construction (29)	364.94	+0.4	25.98	6.67	4.78	363.64	363.20	363.45	364.07	356.07
4 Electricals (15)	626.27	-0.2	12.88	3.96	10.34	626.74	626.20	627.70	628.50	575.23
5 Engineering Contractors (11)	292.16	-0.4	25.35	8.76	4.28	292.27	292.50	292.40	292.60	344.99
6 Mechanical Engineering (74)	164.09	+0.3	28.68	7.86	6.00	165.62	165.79	164.82	167.36	118.45
7 Metals and Metal Forming (16)	161.80	+1.4	21.04	9.39	5.87	159.94	160.89	160.89	162.10	162.87
8 CONSUMERS' GOODS	226.47	+0.1	16.18	5.55	7.61	220.23	218.79	220.62	220.59	217.87
9 DURABLES (50)	311.97	+0.5	12.53	4.13	10.40	310.34	307.46	310.47	310.85	270.28
10 Household Goods (14)	106.79	-0.1	28.03	10.08	10.97	111.33	111.33	111.33	111.33	106.82
11 Motors and Distributors (21)	216.83	-0.2	24.02	8.41	4.91	111.34	111.34	111.34	111.34	117.16
12 CONSUMERS' GOODS (NON-DURABLES) (73)	220.86	+0.8	18.33	6.70	7.75	216.82	216.45	216.45	216.45	212.27
13 Breweries (14)	264.42	+1.5	14.45	6.51	20.47	263.44	264.40	264.55	265.15	220.50
14 Wines and Spirits (5)	275.41	-0.1	18.50	6.37	2.75	270.96	270.26	270.26	270.26	270.44
15 Entertainment, Catering (17)	279.64	-0.2	18.71	7.04	4.45	278.71	278.71	278.71	278.71	249.58
16 Food Retailing (15)	204.89	-0.2	24.08	7.29	6.33	204.75	204.75	204.75	204.75	204.63
17 Food Retailing (15)	244.42	+0.3	13.44	4.94	8.74	240.25	240.52	240.72	240.96	220.71
18 Newspapers, Publishing (13)	139.67	+0.3	22.79	6.76	6.01	240.62	240.75	240.75	240.75	239.21
19 Packaging and Paper (15)	222.59	+1.2	13.94	5.16	5.45	220.05	220.25	220.25	220.25	213.84
20 Stores (43)	222.59	+1.2	13.94	5.16	5.45	220.05	220.25	220.25	220.25	213.84
21 Textiles (24)	129.78	-0.2	27.76	11.82	2.86	221.57	221.57	221.57	221.57	193.80
22 Tobacco (3)	207.09	+1.5	28.04	11.36	4.05	204.10	204.10	204.10	204.10	207.51
23 Toys and Games (5)	38.76	-0.4	38.80	13.89	3.17	38.61	38.61	38.61	38.61	39.28
24 OTHER BUSINESSES (97)	208.87	+0.6	15.23	6.50	7.95	208.13	208.87	208.87	208.87	209.72
25 Chemicals (17)	307.56	-0.4	19.18	6.55	7.23	308.92	309.40	309.40	309.40	251.49
26 Pharmaceutical Products (7)	212.05	+0.6	12.01	6.01	20.28	209.96	211.14	211.25	211.30	210.84
27 Office Equipment (6)	118.65	-0.1	17.82	6.89	6.53	112.93	112.93	112.93	112.93	113.94
28 Shipping (10)	477.97	+1.0	11.07	6.76	11.52	473.11	464.67	464.35	473.48	420.58
29 Miscellaneous (57)	246.75	-0.9	16.35	6.05	7.75	244.40	244.75	245.44	246.94	220.15
30 INDUSTRIAL GROUP (492)	250.20	+0.5	17.36	6.60	7.32	227.09	227.86	228.25	228.25	227.27
31 Oils (8)	265.42	-1.5	13.95	5.92	7.75	217.68	216.95	216.24	216.24	217.84
32 500 SHARE INDEX	275.60	-1.6	16.61	6.45	7.25	270.41	270.41	270.41	270.41	257.58
33 FINANCIAL GROUP (117)	191.02	+0.2	5.70	5.80	19.82	191.55	191.48	191.55	191.55	181.57
34 Banks (5)	227.77	-1.9	36.51	5.89	3.50	223.21	223.28	223.28	223.28	222.57
35 Discount Houses (10)	222.54	-0.3	8.93	5.75	221.81	222.50	222.94	222.94	222.45	224.43
36 Hire Purchases (5)	185.35	+1.1	17.94	5.23	7.26	186.27	186.27	186.27	186.27	184.43
37 Insurance (Life) (10)	172.02	+1.4	—	6.21	—	164.72	164.58	164.58	164.58	153.11
38 Insurance (Non-Life) (9)	128.45	+1.6	17.17	6.62	8.37	127.05	127.05	127.05	127.05	125.98
39 Insurance Brokers (10)	105.44	+1.6	17.17	6.62	8.37	105.44	105.44	105.44	105.44	103.47
40 Merchant Banks (14)	245.65	+1.6	16.67	5.64	3.02	238.85	237.31	237.31	237.31	230.34
41 Property (44)	131.26	-0.2	15.85	6.92	8.29	131.54	131.46	131.46	131.46	131.75
42 Miscellaneous (19)	222.14	-0.1	—	5.76	220.79	220.79	220.79	220.79	220.79	211.45
43 Investment Trusts (109)	227.99	+1.5	10.62	4.67	11.43	221.25	221.25	221.25	221.25	214.57
44 Mining Finance (4)	227.94	+1.5	10.62	4.67	11.43	221.25	221.25	221.25	221.25	214.57
45 Overseas Traders (20)	497.94	+0.1	12.43	6.68	9.05	485.67	487.05	487.05	487.05	481.79
46 All-SHARE INDEX (750)	257.57	+0.1	—	6.22	—	257.58	257.73	257.73	257.73	257.76

## FIXED INTEREST PRICE INDICES

	YIELDS									
	British Govt. Crv									



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995	Treasury Spec 1980-85	995	-	-	-	-	-
995	Treasury Spec 1980-90	995	-	-	-	-	-
975	Treasury Spec 77-80	975	-	-	-	-	-
975	Funding 3c 78-80	975	-	-	-	-	-
975	Funding 3c 78-82	975	-	-	-	-	-
975	Funding 11c 78-82	975	-	-	-	-	-
975	Treasury Spec 1979-82	975	-	-	-	-	-
975	Treasury Spec 1980-82	975	-	-	-	-	-
975	Treasury Spec 1980-84	975	-	-	-	-	-
975	Treasury Spec 1980-86	975	-	-	-	-	-
975	Treasury Spec 1980-88	975	-	-	-	-	-
975	Treasury Spec 1980-90	975	-	-	-	-	-
975	Treasury Spec 1980-92	975	-	-	-	-	-
975	Treasury Spec 1980-94	975	-	-	-	-	-
975	Treasury Spec 1980-96	975	-	-	-	-	-
975	Treasury Spec 1980-98	975	-	-	-	-	-
975	Treasury Spec 1980-100	975	-	-	-	-	-
975	Treasury Spec 1980-102	975	-	-	-	-	-
975	Treasury Spec 1980-104	975	-	-	-	-	-
975	Treasury Spec 1980-106	975	-	-	-	-	-
975	Treasury Spec 1980-108	975	-	-	-	-	-
975	Treasury Spec 1980-110	975	-	-	-	-	-
975	Treasury Spec 1980-112	975	-	-	-	-	-
975	Treasury Spec 1980-114	975	-	-	-	-	-
975	Treasury Spec 1980-116	975	-	-	-	-	-
975	Treasury Spec 1980-118	975	-	-	-	-	-
975	Treasury Spec 1980-120	975	-	-	-	-	-
975	Treasury Spec 1980-122	975	-	-	-	-	-
975	Treasury Spec 1980-124	975	-	-	-	-	-
975	Treasury Spec 1980-126	975	-	-	-	-	-
975	Treasury Spec 1980-128	975	-	-	-	-	-
975	Treasury Spec 1980-130	975	-	-	-	-	-
975	Treasury Spec 1980-132	975	-	-	-	-	-
975	Treasury Spec 1980-134	975	-	-	-	-	-
975	Treasury Spec 1980-136	975	-	-	-	-	-
975	Treasury Spec 1980-138	975	-	-	-	-	-
975	Treasury Spec 1980-140	975	-	-	-	-	-
975	Treasury Spec 1980-142	975	-	-	-	-	-
975	Treasury Spec 1980-144	975	-	-	-	-	-
975	Treasury Spec 1980-146	975	-	-	-	-	-
975	Treasury Spec 1980-148	975	-	-	-	-	-
975	Treasury Spec 1980-150	975	-	-	-	-	-
975	Treasury Spec 1980-152	975	-	-	-	-	-
975	Treasury Spec 1980-154	975	-	-	-	-	-
975	Treasury Spec 1980-156	975	-	-	-	-	-
975	Treasury Spec 1980-158	975	-	-	-	-	-
975	Treasury Spec 1980-160	975	-	-	-	-	-
975	Treasury Spec 1980-162	975	-	-	-	-	-
975	Treasury Spec 1980-164	975	-	-	-	-	-
975	Treasury Spec 1980-166	975	-	-	-	-	-
975	Treasury Spec 1980-168	975	-	-	-	-	-
975	Treasury Spec 1980-170	975	-	-	-	-	-
975	Treasury Spec 1980-172	975	-	-	-	-	-
975	Treasury Spec 1980-174	975	-	-	-	-	-
975	Treasury Spec 1980-176	975	-	-	-	-	-
975	Treasury Spec 1980-178	975	-	-	-	-	-
975	Treasury Spec 1980-180	975	-	-	-	-	-
975	Treasury Spec 1980-182	975	-	-	-	-	-
975	Treasury Spec 1980-184	975	-	-	-	-	-
975	Treasury Spec 1980-186	975	-	-	-	-	-
975	Treasury Spec 1980-188	975	-	-	-	-	-
975	Treasury Spec 1980-190	975	-	-	-	-	-
975	Treasury Spec 1980-192	975	-	-	-	-	-
975	Treasury Spec 1980-194	975	-	-	-	-	-
975	Treasury Spec 1980-196	975	-	-	-	-	-
975	Treasury Spec 1980-198	975	-	-	-	-	-
975	Treasury Spec 1980-200	975	-	-	-	-	-
975	Treasury Spec 1980-202	975	-	-	-	-	-
975	Treasury Spec 1980-204	975	-	-	-	-	-
975	Treasury Spec 1980-206	975	-	-	-	-	-
975	Treasury Spec 1980-208	975	-	-	-	-	-
975	Treasury Spec 1980-210	975	-	-	-	-	-
975	Treasury Spec 1980-212	975	-	-	-	-	-
975	Treasury Spec 1980-214	975	-	-	-	-	-
975	Treasury Spec 1980-216	975	-	-	-	-	-
975	Treasury Spec 1980-218	975	-	-	-	-	-
975	Treasury Spec 1980-220	975	-	-	-	-	-
975	Treasury Spec 1980-222	975	-	-	-	-	-
975	Treasury Spec 1980-224	975	-	-	-	-	-
975	Treasury Spec 1980-226	975	-	-	-	-	-
975	Treasury Spec 1980-228	975	-	-	-	-	-
975	Treasury Spec 1980-230	975	-	-	-	-	-
975	Treasury Spec 1980-232	975	-	-	-	-	-
975	Treasury Spec 1980-234	975	-	-	-	-	-
975	Treasury Spec 1980-236	975	-	-	-	-	-
975	Treasury Spec 1980-238	975	-	-	-	-	-
975	Treasury Spec 1980-240	975	-	-	-	-	-
975	Treasury Spec 1980-242	975	-	-	-	-	-
975	Treasury Spec 1980-244	975	-	-	-	-	-
975	Treasury Spec 1980-246	975	-	-	-	-	-
975	Treasury Spec 1980-248	975	-	-	-	-	-
975	Treasury Spec 1980-250	975	-	-	-	-	-
975	Treasury Spec 1980-252	975	-	-	-	-	-
975	Treasury Spec 1980-254	975	-	-	-	-	-
975	Treasury Spec 1980-256	975	-	-	-	-	-
975	Treasury Spec 1980-258	975	-	-	-	-	-
975	Treasury Spec 1980-260	975	-	-	-	-	-
975	Treasury Spec 1980-262	975	-	-	-	-	-
975	Treasury Spec 1980-264	975	-	-	-	-	-
975	Treasury Spec 1980-266	975	-	-	-	-	-
975	Treasury Spec 1980-268	975	-	-	-	-	-
975	Treasury Spec 1980-270	975	-	-	-	-	-
975	Treasury Spec 1980-272	975	-	-	-	-	-
975	Treasury Spec 1980-274	975	-	-	-	-	-
975	Treasury Spec 1980-276	975	-	-	-	-	-
975	Treasury Spec 1980-278	975	-	-	-	-	-
975	Treasury Spec 1980-280	975	-	-	-	-	-
975	Treasury Spec 1980-282	975	-	-	-	-	-
975	Treasury Spec 1980-284	975	-	-	-	-	-
975	Treasury Spec 1980-286	975	-	-	-	-	-
975	Treasury Spec 1980-288	975	-	-	-	-	-
975	Treasury Spec 1980-290	975	-	-	-	-	-
975	Treasury Spec 1980-292	975	-	-	-	-	-
975	Treasury Spec 1980-294	975	-	-	-	-	-
975	Treasury Spec 1980-296	975	-	-	-	-	-
975	Treasury Spec 1980-298	975	-	-	-	-	-
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